# MISSOURI

## Comprehensive Annual Financial Report for Fiscal Year Ended June 30, 2008

*On the Cover:*

Dogwood Bloom
*Courtesy of Ray Jagger, Kirksville*

This report can be viewed on the Internet at http://www.oa.mo.gov/acct/cafrfy2008/index.htm

# *STATE OF MISSOURI*

# *COMPREHENSIVE ANNUAL FINANCIAL REPORT*

***Fiscal Year Ended June 30, 2008***

## *MATT BLUNT*

***Governor***

***LARRY W. SCHEPKER***
*Commissioner*
*Office of Administration*

***THOMAS J. SADOWSKI***
*Director*
*Division of Accounting*

*Prepared by*
*Office of Administration, Division of Accounting*

STATE OF MISSOURI

COMPREHENSIVE ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 2008

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*The **Introductory Section** includes material to familiarize the reader with the organizational structure of the State, the nature and scope of services the State provides, and a summary of the financial activities of the State and the factors that influence these activities.*

**Matt Blunt**
Governor

**Larry W. Schepker**
Commissioner

State of Missouri
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**Thomas J. Sadowski**
Director

January 9, 2009

The Honorable Matt Blunt
The Honorable Members of the Legislature
Citizens of the State of Missouri

In accordance with generally accepted accounting principles, I submit to you the Comprehensive Annual Financial Report of the State of Missouri for the fiscal year ended June 30, 2008. This report was prepared by the Office of Administration, Division of Accounting, whose management is responsible for its contents.

The report is prepared to show the financial position and operating results of the State. The State's internal accounting controls provide reasonable assurance regarding the safeguarding of assets against loss from unauthorized use or disposal and the reliability of financial records for preparing financial statements. The concept of reasonable assurance recognizes that the cost of a control should not exceed the resulting benefit. We believe the data presented is accurate in all material respects and that all disclosures necessary to enable the reader to gain a reasonable understanding of the State's financial activities have been included.

An annual audit of the basic financial statements is completed each year by the State of Missouri Auditor's Office. The State Auditor conducts the audit in accordance with generally accepted government auditing standards, and her opinion has been included in this report. The State Auditor conducts a "Single Audit" of all federal funds in accordance with the Federal Single Audit Act of 1984, and the U.S. Office of Management and Budget Circular A-133, "Audit of State and Local Governments and Non-Profit Organizations."

A narrative introduction, overview, and analysis of the basic financial statements is presented in the *Management's Discussion and Analysis (MD&A)* section of this report. This letter of transmittal is intended to complement MD&A and should be read in conjunction with it. The MD&A can be found immediately following the Independent Auditor's Report.

## PROFILE OF THE GOVERNMENT

Missouri was organized as a territory in 1812 and was the second state (after Louisiana) of the Louisiana Purchase to be admitted to the Union. Statehood was granted on August 12, 1821, making Missouri the 24th state. The State encompasses 68,945 square miles.

The State operates under three branches of government: executive, legislative, and judicial. The executive branch consists of the Governor, Lieutenant Governor, Secretary of State, State Auditor, State Treasurer, and Attorney General. The legislative branch consists of 34 members of the Senate, and 163 members of the House of Representatives. The judicial branch is a three-tier court system: the Supreme Court, the State's highest court, has statewide jurisdiction; a court of appeals that consists of districts established by the General Assembly; and a system of circuit courts that has original jurisdiction over all cases and matters, civil and criminal.

The State provides a range of services in the areas of agriculture, education, health and social services, transportation systems, public safety, law enforcement, judicial systems, economic development, conservation and natural resources, labor relations, and general administration.

The State operates on a legally adopted budget in order to ensure compliance with legal provisions embodied in the annual appropriated budget passed by the General Assembly and approved by the Governor prior to the beginning of the fiscal year. If appropriations are not sufficient for a fiscal year, supplemental amounts are requested during the next legislative session by the same process that original appropriations are requested. Budgetary control is maintained at the departmental level. Expenditures cannot exceed the appropriation amount at the individual appropriation level. Also, the Governor has the authority to reduce the allotments of appropriations in any fund if it appears that the revenue estimate will not be met. Unexpended appropriations lapse at the end of each appropriation year, unless reappropriated to the following appropriation year.

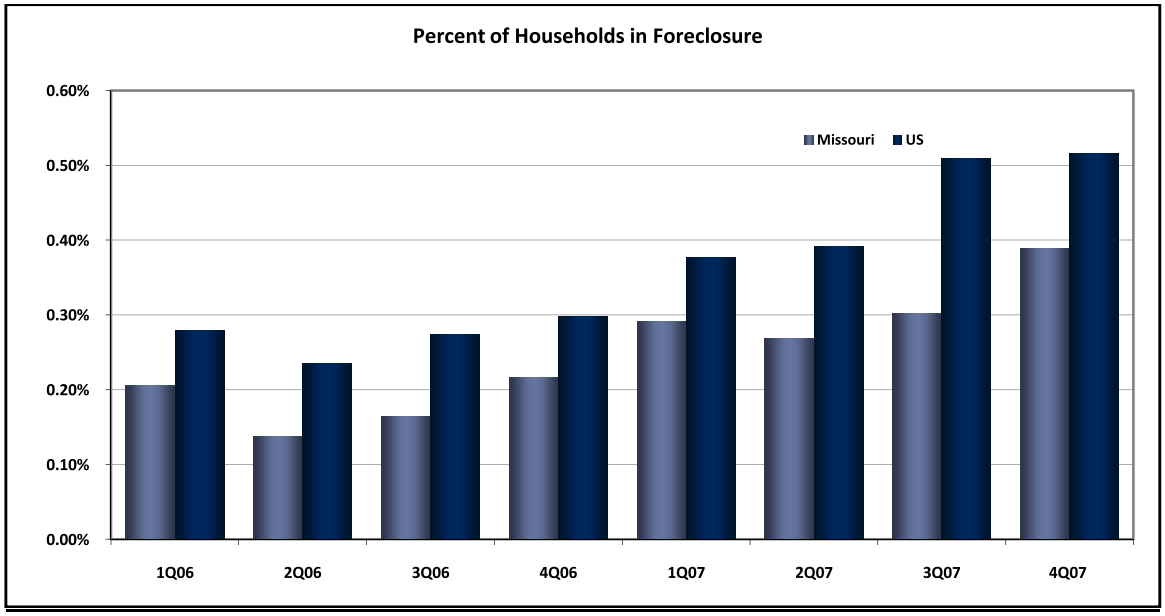
The financial reporting entity of the State includes all of the funds of the primary government as well as component units for which the State is financially accountable. The transmittal letter, MD&A, and the financial statements focus on the primary government and its activities. Although information pertaining to the component units is provided, their separately issued financial statements should be read to obtain a complete overview of their financial position.

## ECONOMIC CONDITION AND OUTLOOK

### State Economy

Missouri's economy is diversified and often follows the trends of the U.S. While Missouri's economy was growing in 2007, Missouri and the U.S. have seen an economic slowdown in 2008. Previously Missouri had not experienced the decline in the housing market to the extent of the rest of the nation, however, the troubles in the housing sector have begun to spill over into other industries.

Foreclosure rates in Missouri have been rising similarly to the national rate throughout the housing crisis but remain lower than the U.S. average. In Missouri, there were 32,022 foreclosure filings in 2007, or about one of every 81 households in the state. On average in the U.S., one of every 57 households was in foreclosure last year. Only 1.5 percent of the nation's foreclosures over the year were in Missouri.




*Source: Missouri Economic Research and Information Center/RealtyTrac*

Missouri's personal income, which directly impacts individual income tax and sales tax, rose at a 5.6% rate during calendar year 2007. Per capita personal income has grown more rapidly than inflation and Missouri ranked 16th in personal income growth in the second quarter of 2008. Along with higher personal income, Missourians also enjoy the fifth lowest cost of living in the United States.

Through the end of June 2008, exports by Missouri companies totaled $6.5 billion, compared to $6.8 billion after the second quarter of 2007. This is particularly good news for the State's businesses because Missouri set a record for exports in 2007 with $13.4 billion in total global sales.

## Long-Term Financial Planning

Missouri's funding priorities include education, health care, public safety, and economic development. Continued efforts within State government to provide more efficient and effective customer service while using fewer administrative resources will save money that can be used to improve various State services.

Missouri also has a long-range plan to improve highways and bridges and is exploring options for funding the improvements through fuel tax revenues and sales taxes on motor vehicle sales. The national credit market disruption has forced a change in plans to use private financing to make improvements to 802 bridges in Missouri. The Missouri Highways and Transportation Commission decided to issue its own bonds to pay for the work, which it intends to finish in five years. The repairs are estimated to cost $700 million. The debt will be repaid with a portion of the federal bridge money received each year.

In March 2008, an agreement was signed to promote trade in Missouri. The agreement was designed as a preliminary step toward turning St. Louis into a trade hub with China. Increasing trade between Missouri and China by 50 percent over the next three years is the target created by the agreement. The increase is aimed mostly toward high-tech manufacturing and agriculture, particularly beef. In 2007, exports to China increased by approximately one-third to more than $1 billion.

## Relevant Financial Policies

Article X of the Missouri Constitution imposes a limit on the amount of taxes that may be imposed by the General Assembly in any fiscal year. This limit is tied to total State revenues for each fiscal year and adjusted annually based on a formula which is tied to increases in the personal income of Missouri for certain designated periods. If the revenue limit is exceeded by 1% or more in any fiscal year, the excess revenue will be refunded based on the liability reported on state income tax returns. If the excess revenue collected is less than 1% of the revenue limit, the excess revenue shall be transferred to the General Revenue Fund.

The revenue limit can be exceeded by a constitutional amendment adopted by the people or if the General Assembly approves, by a two-thirds vote, an emergency declaration by the Governor. The State has refunded money to income taxpayers for fiscal years 1995 through 1999, but has not exceeded the revenue limit in fiscal years 2000 through 2008. The State does not expect the limit to be exceeded in fiscal year 2009.

## Major Initiatives

Missouri will continue to focus on controlling increasing costs through various cost-effective alternatives and streamlining government functions. Funding priorities are focused in the areas of education, health care, public safety, and economic development.

**Education.** Funding for education remains a top priority for Missouri. A revision of the school funding formula was approved in 2005 and is being phased in over a seven year period, which began in fiscal year 2007. The fiscal year 2009 budget includes a $121 million increase for public education as part of the revision to the school funding formula. The fiscal year 2009 budget also includes $5 million to create 100 technologically advanced classrooms and to equip 300 classrooms with advance math, science, and health and wellness curriculum; $54.2 million increase for Missouri's public two and four year colleges and universities; and $100 million for the Access Missouri scholarship program for need-based scholarships for Missouri students.

**Health.** Funding for MO HealthNet for fiscal year 2009 is $5.8 billion, an increase of $420.4 million over fiscal year 2008. This increase includes expanded health care coverage for children and low-income women. MO HealthNet provides health care coverage to some of the state's most vulnerable citizens. The number of individuals in Missouri without health care coverage is rising. In Missouri, from 2001 to 2005 the number of employers offering health insurance to their employees declined 10.1 percent, individuals under age 65 with private insurance declined 8.5 percent, and individuals under the age of 65 without any insurance coverage increased by 29.8 percent - the fifth highest increase in the U.S. The Missouri legislature has considered initiatives to help insure uninsured Missourians, but legislation has yet to be passed.

**Public Safety.** Last year, Missouri led the nation in improved highway safety. The Smooth Roads Initiative (SRI) was completed a year early and an additional $359 million was made available through the initiative which resulted in significant improvements in pavement conditions. Missouri Department of Transportation (MoDOT) currently reports 78 percent of Missouri's major highways to be in good condition, up 46 percent from the beginning of SRI in 2004. Missourians now travel on smoother, safer roads throughout most of the State. This turnaround fuels job creation, supports tourism and ensures that Missouri families have the transportation system they need. The State has made significant improvements in safety. Traffic deaths in Missouri are down 21.2 percent in 2007 compared to 2005 and the downward trend is continuing.

The fiscal year 2009 budget includes an additional $483 million for road construction projects. However, in 2010 decreased funding will present a challenge for MoDOT. There is a significant gap between transportation needs and projected funding. The new Better Roads, Brighter Future Initiative will result in 5,600 miles of major roads with smooth pavement; brighter, wider striping; larger signs; rumble strips; and, in most cases, a minimum four-foot paved shoulder by 2012.

**Economic Development.** September 2007 marked the inaugural Tour of Missouri bicycle race, giving Missouri the opportunity to showcase the State to an international audience. Over six days some of the world's top athletes covered 600 miles of the State. One million dollars was committed to bringing the Tour of Missouri to the State. The race surpassed all expectations and demonstrated its value and benefits, generating an estimated $26.2 million in new tourism dollars.

In addition to the Tour of Missouri, increased funding for economic development and the environment in fiscal year 2009 included $5.9 million for life sciences research, $36 million for improvements to state conservation areas, and $15 million for incentives to produce biodiesel fuels.

## AWARDS

The Missouri Accountability Portal (MAP) is an online database of financial records that can be accessed in real-time. During fiscal year 2008, Missouri's Information Technology Services Division Team won an American Business Award for the development of the MAP site for their achievement in government transparency.

## ACKNOWLEDGEMENTS

While the Office of Administration, Division of Accounting, is responsible for the contents of this report, no one division could do it alone. Many people were involved in the compilation of materials necessary to complete the report.

We want to issue a special thanks to all the personnel at the State agencies who provided us with information quickly and accurately so that we could issue the CAFR in a timely manner. We also owe thanks to the professionalism and dedication demonstrated by technical and management personnel within the State Auditor's Office, the State Treasurer's Office, Office of Administration, Information Technology Services Division, and the State Printing Center. We are greatly appreciative to all.

Sincerely,

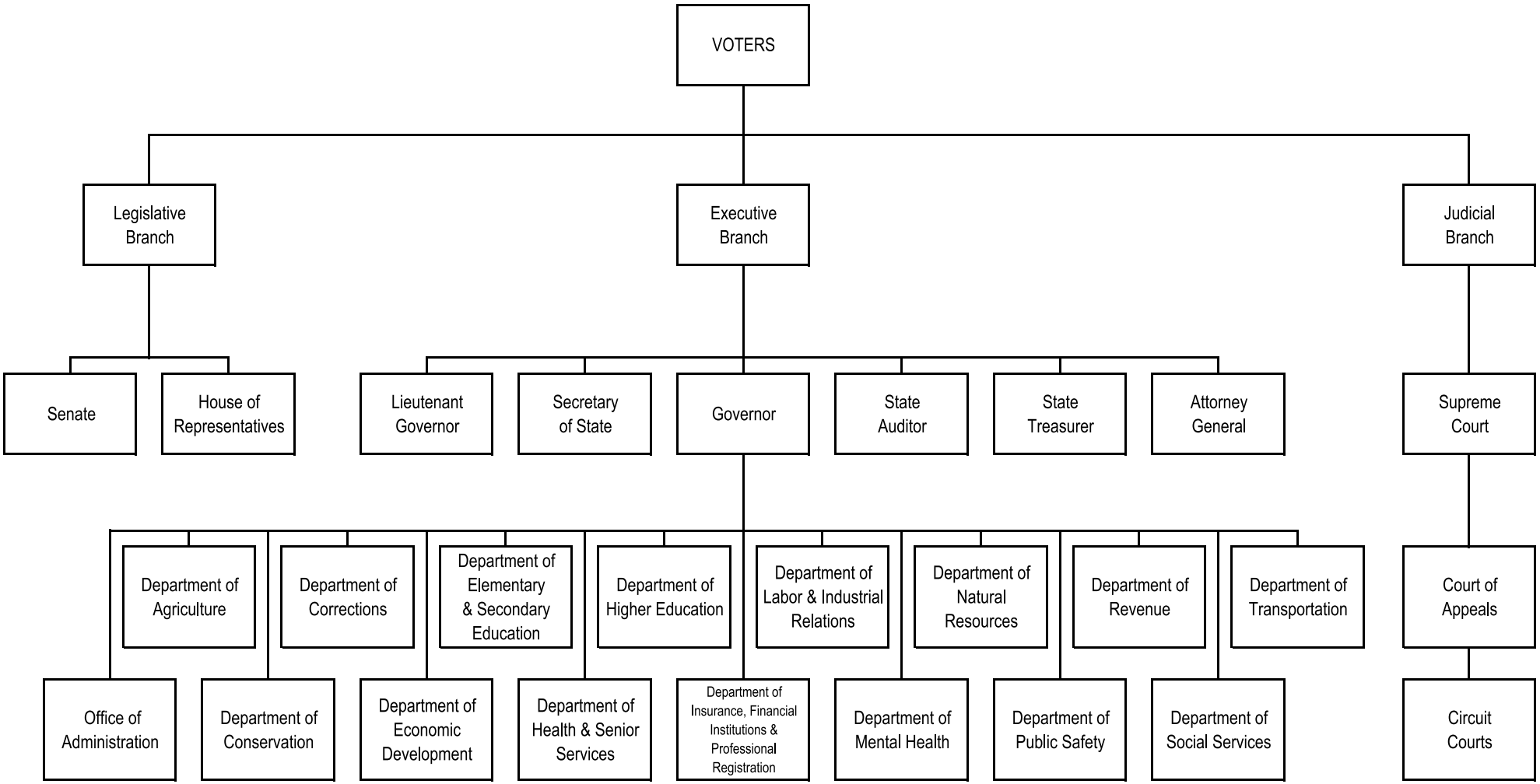
Thomas Sadowski

Thomas Sadowski, CGFM, CPA
Director

# STATE OF MISSOURI

## ORGANIZATIONAL CHART

**June 30, 2008**



# STATE OF MISSOURI
# PRINCIPAL STATE OFFICIALS
## as of June 30, 2008

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## EXECUTIVE

**Matt Blunt**
*Governor*

**Peter Kinder**
*Lieutenant Governor*

**Robin Carnahan**
*Secretary of State*

**Susan Montee, CPA**
*State Auditor*

**Sarah Steelman**
*State Treasurer*

**Jeremiah W. (Jay) Nixon**
*Attorney General*

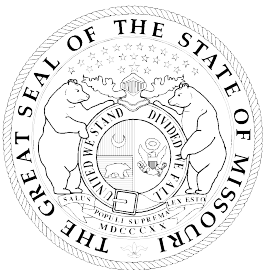
## LEGISLATIVE

**Michael Gibbons**
*President Pro Tem of the Senate*

**Rod Jetton**
*Speaker of the House of Representatives*

## JUDICIAL

**Laura Denvir Stith**
*Chief Justice of the Supreme Court*




*The **Financial Section** includes the Independent Auditor's Report, Management's Discussion and Analysis, Basic Financial Statements, Required Supplementary Information, and Supplementary Information.*

# SUSAN MONTEE, CPA
**Missouri State Auditor**


INDEPENDENT AUDITOR'S REPORT

Honorable Matt Blunt, Governor
and
Members of the General Assembly

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the state of Missouri, as of and for the year ended June 30, 2008, which collectively comprise the state's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the state's management. Our responsibility is to express opinions on these financial statements based on our audit.

We did not audit the financial statements of certain entities that comprise the state of Missouri. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinions, insofar as they relate to these amounts, are based on the reports of the other auditors. Those entities were:

1. The Missouri Department of Transportation and blended transportation corporations identified in Note 1A., the Missouri Consolidated Health Care Plan, the Missouri State Employees' Insurance Plan, the Missouri Department of Transportation and Missouri State Highway Patrol Medical and Life Insurance Plan, the Transportation Self-Insurance Plan, and the Conservation Employees' Insurance Plan, which represent 77 percent and 13 percent of the assets and revenues, respectively, of the governmental activities.

2. The State Lottery and the Petroleum Storage Tank Insurance Fund, which represent 32 percent and 58 percent of the assets and revenues, respectively, of the business-type activities.

3. The component units.

4. The pension (and other employee benefit) trust funds and the Missouri Department of Transportation Local Fund, which represent 95 percent and 95 percent of the assets and additions, respectively, of the fiduciary funds.



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Except as discussed in the following paragraph, we conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The financial statements of the Fulton 54 Transportation Corporation, the Missouri Highway 63 Transportation Corporation, the Highway 179 Transportation Corporation, and the Wentzville Parkway Transportation Corporation, blended component units; the Missouri Consolidated Health Care Plan, the Missouri State Employees' Insurance Plan, and the Conservation Employees' Insurance Plan, internal service funds; the Missouri Development Finance Board and Northwest Missouri State University, discretely presented component units; and the pension (and other employee benefit) trust funds, were not audited in accordance with *Government Auditing Standards*. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of other auditors provide a reasonable basis for our opinions.

We were not allowed access to tax returns and related source documents for income taxes. Access was denied based on the Director of Revenue's interpretation of the decision rendered by the Missouri Supreme Court in the case of Director of Revenue v. State Auditor 511 S.W.2d 779 (Mo. 1974). Approximately 28 percent of governmental activity revenues are from this source. We were unable to satisfy ourselves by appropriate audit tests or other means as to the income tax revenue beyond the amounts recorded.

In our opinion, based on our audit and the reports of other auditors, and except for the effects of such adjustments, if any, as might have been determined to be necessary had we been allowed access to tax returns and related source documents for income taxes, the financial statements referred to previously present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the state of Missouri, as of June 30, 2008, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 2, the state of Missouri implemented Governmental Accounting Standards Board Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions;* Statement No. 48, *Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues;* and Statement No. 50, *Pension Disclosures.*

In accordance with *Government Auditing Standards*, our report on our consideration of the state of Missouri's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters is issued under separate cover in the Single Audit Report. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance

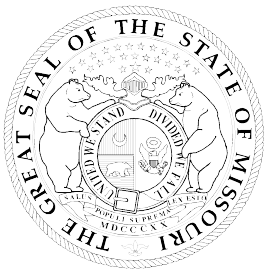
with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis and budgetary comparison information, as listed in the table of contents, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We and the other auditors have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the state's basic financial statements. The supplementary information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. The supplementary information has been subjected to the auditing procedures applied by us and the other auditors in the audit of the basic financial statements and, in our opinion, based on our audit and the reports of other auditors, and except for the effects, if any, of the matters discussed in paragraph four, is fairly stated in all material respects in relation to the basic financial statements taken as a whole. The information in the introductory section and statistical section, as listed in the table of contents, has not been subjected to the auditing procedures applied by us and the other auditors in the audit of the basic financial statements and, accordingly, we express no opinion on it.

Susan Montee, CPA
State Auditor

January 9, 2009




*The **Management's Discussion and Analysis** provides a narrative overview and analysis of the financial activities of the State.*

# Management's Discussion and Analysis

The following is a discussion and analysis of the State of Missouri's (the State's) financial activities for the fiscal year ended June 30, 2008. Readers are encouraged to consider the information presented here in conjunction with additional information that is furnished in the letter of transmittal.

## FINANCIAL HIGHLIGHTS – PRIMARY GOVERNMENT

### Government-Wide:

- *Net Assets.* Assets of the State of Missouri exceeded liabilities at the close of fiscal year 2008 by $29.5 billion. Of the $29.5 billion, "unrestricted net assets" is reported as a negative $2.0 billion, offset by $6.0 billion in "restricted net assets". A positive balance in unrestricted net assets would represent the amount available to be used to meet a government's ongoing obligations to citizens and creditors.

- *Changes in Net Assets.* The State's total net assets increased by $617.6 million in fiscal year 2008. Net assets for governmental activities increased by $436.9 million. This increase can be attributed to more grants and contributions. Net assets for the business-type activities showed an increase of $180.7 million. This increase can be explained primarily by a significant increase in cash and cash equivalents in the Unemployment Compensation Fund due to the early repayment of a federal loan in 2007.

- *Excess of Revenues over (under) Expenses.* During fiscal year 2008, the State's total revenues of $22.9 billion were $617.6 million more than total expenses (excluding transfers) of $22.2 billion. Of these expenses, $12.3 billion were covered by program revenues. General revenues, generated primarily from various taxes, totaled $10.6 billion.

### Fund-Level:

- *Governmental Funds – Fund Balance.* As the close of fiscal year 2008, the State's governmental fund assets exceeded liabilities by $5.3 billion, an increase of $598.0 million or 12.9% from the prior year. The increase was primarily due to an increase of $760.7 million in assets of which $625.3 million was cash and cash equivalents and investments. This was partially due to the sale of a portion of the Missouri Higher Education Loan Authority assets which provided $238.9 million to fund the Lewis and Clark Discovery Initiative, creating an increase in investments for fiscal year 2008.

- *General Fund – Fund Balance.* At the end of the current fiscal year, the State's general fund reported a balance of $1.9 billion.

Additional information regarding individual funds begins on Page 9.

### Debt Issued and Outstanding:

- The primary government's total long-term obligations related to bonds payable increased $405.4 million or 12.1% over the prior year. The outstanding bonds payable represents 46.3% of financial assets (cash, receivables, and investments) and 10.1% of total assets. The net increase in bonds payable resulted from decreases of $169,400,000 due to bond payments and $1,955,000 due to defeasance as well as increases of $576,800,000 due to issuances of State Road Bonds and General Obligation Bonds. Additional detail is available in *Note 12*.

### Revenue Limit:

- The State Constitution limits the State's ability to retain revenue collected over an amount set by a constitutional amendment known as Article X or the Hancock Amendment. Excess revenue of 1% or more must be refunded to the taxpayers each year. During fiscal year 2008, the State did not exceed the revenue limit.

## OVERVIEW OF THE FINANCIAL STATEMENTS

The State's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

### Government-Wide Financial Statements:

The government-wide financial statements are designed to provide readers with a broad overview of the State's finances, in a manner similar to a private-sector business.

The *Statement of Net Assets* presents information on all of the State's assets and liabilities, with the difference between the two reported as *net assets.* Over time, increases or decreases in net assets may serve as a useful indicator of the State's financial position.

The *Statement of Activities* presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of when the cash is received. Thus, revenues and expenses are reported in the statement for some items that will result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements report three activities:

*Governmental Activities* are primarily supported by taxes and intergovernmental revenues. They include general government, education, natural and economic resources, transportation and law enforcement, and human services.

*Business-Type Activities* are intended to recover all or a significant portion of their costs through user fees and charges. They include constructing and operating state park facilities, fairgrounds, historical properties and office buildings, hospital services, warehousing, merchandising, publishing maps and documents, insurance coverage, and the operation of the State Lottery, Unemployment Compensation, and the Petroleum Storage Tank Insurance funds.

*Discretely Presented Component Units* are operations for which the State has financial accountability, but are legally separate. They include the college and universities, Missouri Development Finance Board, Missouri Agricultural and Small Business Development Authority, and Missouri Transportation Finance Corporation.

### Fund Financial Statements:

The fund financial statements present more detailed information about the government's operations than the government-wide statements. The State uses fund accounting to ensure and demonstrate compliance with statutory requirements. All of the funds of the State can be divided into three categories: governmental, proprietary, and fiduciary funds.

*Governmental funds*. Governmental funds are used to account for most of the basic services provided by the State. Unlike the government-wide financial statements, governmental fund financial statements focus on short-term inflows and outflows of current financial resources and utilize the modified accrual basis of accounting. This presentation focuses on when cash will be received and disbursed making the statements useful in evaluating a government's financing requirements in the near future.

Governmental funds include the general, special revenue, capital projects, debt service, and permanent funds. Major funds include general, public education, conservation and environmental protection, transportation and law enforcement, and the Missouri road fund which are presented in separate columns. Data from other governmental funds are combined into a single column for aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements in supplementary information.

In order for the user to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements, a reconciliation to facilitate this comparison is provided on the page immediately following each governmental fund financial statement.

*Proprietary funds.* Proprietary funds are used to account for activities similar to private businesses in which goods and services are sold for specified fees. Generally, the State uses enterprise funds to account for activities that provide goods and services to the general public. These include constructing and operating state park facilities, fairgrounds, historical properties and office buildings, hospital services, warehousing, merchandising, publishing maps and documents, and the operation of the State Lottery, Unemployment Compensation, and the Petroleum Storage Tank Insurance funds. Internal service funds report activities that provide supplies and services for the State's other programs and activities. The State uses internal service funds to account for insurance and health care plans, as well as administrative services for other state agencies, such as fleet management, data processing, and telecommunication services. Because these services predominately benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

Proprietary funds focus on economic resources and utilize the full accrual basis of accounting. The proprietary fund financial statements provide separate information for the State Lottery, Unemployment Compensation, and Petroleum Storage Tank Insurance, which are considered major enterprise funds. Non-major enterprise funds are also combined into a single column for aggregated presentation. All internal service funds are combined into a single column in the proprietary fund financial statements. Individual fund data for the non-major enterprise and internal service funds is provided in the form of combining statements in supplementary information.

*Fiduciary funds.* Fiduciary funds are used to account for resources held for the benefit of parties outside State government. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are not available to support the State's own programs. The accounting used for fiduciary funds is similar to that used for proprietary funds.

**Notes to the financial statements**. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

**Other information**. In addition to the basic financial statements and accompanying notes, this report also presents required supplementary information (RSI) including a budgetary comparison schedule for the general fund and major special revenue funds. Other supplementary information includes the combining statements for the general, non-major governmental, non-major enterprise, internal service, fiduciary, and non-major component unit funds. It also includes the statistical section as well as budgetary comparison schedules for the Missouri road fund, non-major special revenue, debt service, and permanent funds.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

### Net Assets:

The State's total net assets increased $617.6 million or 2.1% during fiscal year 2008. This increase resulted primarily from an increase of $878.0 million in current and other assets. Net assets invested in capital assets net of related debt and restricted net assets, which do not represent resources available to pay day-to-day operating expenses, increased by $937.3 million or 3.1%.

Invested in capital assets net of related debt, such as bonds payable or capital lease obligations, is the largest component of the State's net assets at 86.5% or $25.5 billion. These assets include land, infrastructure, buildings, and equipment which are not easily converted to cash or readily available to pay state debts as they come due.

Restricted net assets of the primary government totaled $6.0 billion or 20.4% of total net assets, vs. 17.5% from the prior year. Net assets are restricted for several reasons including constitutional, legal, enabling legislation, or external requirements. Examples of restricted net assets include lottery proceeds restricted for public education, funds restricted for debt service, and certain sales taxes restricted for the maintenance of highways or state parks and conservation areas. Also, many federal funds are restricted to funding certain programs.

The following table displays the current and prior year government-wide condensed Statement of Net Assets.

## STATEMENT OF NET ASSETS

(In Thousands of Dollars)

| | Governmental Activities | | Business-Type Activities | | Total | |
|---|---|---|---|---|---|---|
| | 2008 | 2007* | 2008 | 2007* | 2008 | 2007* |
| **ASSETS:** | | | | | | |
| Current and Other Assets | $ 7,637,879 | $ 6,944,262 | $ 615,983 | $ 431,595 | $ 8,253,862 | $ 7,375,857 |
| Capital Assets, Net | 28,960,762 | 28,419,098 | 41,755 | 40,922 | 29,002,517 | 28,460,020 |
| *Total Assets* | 36,598,641 | 35,363,360 | 657,738 | 472,517 | 37,256,379 | 35,835,877 |
| **LIABILITIES:** | | | | | | |
| Long-Term Liabilities | 6,095,681 | 5,430,523 | 223,541 | 221,709 | 6,319,222 | 5,652,232 |
| Other Liabilities | 1,467,950 | 1,334,707 | 17,569 | 14,916 | 1,485,519 | 1,349,623 |
| *Total Liabilities* | 7,563,631 | 6,765,230 | 241,110 | 236,625 | 7,804,741 | 7,001,855 |
| **NET ASSETS:** | | | | | | |
| Invested in Capital Assets, Net of Related Debt | 25,439,971 | 25,475,504 | 41,755 | 40,922 | 25,481,726 | 25,516,426 |
| Restricted | 5,968,804 | 5,032,619 | 45,362 | 9,517 | 6,014,166 | 5,042,136 |
| Unrestricted | (2,373,765) | (1,909,993) | 329,511 | 185,453 | (2,044,254) | (1,724,540) |
| *Total Net Assets* | $ 29,035,010 | $ 28,598,130 | $ 416,628 | $ 235,892 | $ 29,451,638 | $ 28,834,022 |

*Fiscal year 2007 amounts have been restated.

## Changes in Net Assets:

The schedule below reflects how the State's net assets changed during the year. The State earned program revenues of $12.3 billion and general revenues of $10.6 billion for total revenues of $22.9 billion during fiscal year 2008. Expenses for the State during fiscal year 2008 were $22.2 billion. As a result of the excess of revenues over expenses, the total net assets of the State increased $617.6 million, net of contributions and transfers.

The following table displays the current and prior year government-wide condensed Statement of Activities.

### STATEMENT OF ACTIVITIES
(In Thousands of Dollars)

| | Governmental Activities | | Business-Type Activities | | Total | |
|---|---|---|---|---|---|---|
| | 2008 | 2007* | 2008 | 2007* | 2008 | 2007* |
| **REVENUES:** | | | | | | |
| Program Revenues: | | | | | | |
| Charges for Services | $ 1,816,377 | $ 1,685,635 | $ 1,106,483 | $ 1,011,407 | $ 2,922,860 | $ 2,697,042 |
| Operating Grants and Contributions | 8,669,295 | 7,828,289 | 657,534 | 618,071 | 9,326,829 | 8,446,360 |
| Capital Grants and Contributions | 387 | 306 | --- | --- | 387 | 306 |
| General Revenues: | | | | | | |
| Sales and Use Taxes | 2,871,465 | 2,929,398 | --- | --- | 2,871,465 | 2,929,398 |
| Income Taxes | 5,911,643 | 5,140,588 | --- | --- | 5,911,643 | 5,140,588 |
| Unemployment and Other Taxes | 1,472,829 | 1,942,185 | --- | --- | 1,472,829 | 1,942,185 |
| Other Revenues | 331,173 | 341,541 | 15,424 | 5,684 | 346,597 | 347,225 |
| *Total Revenues* | 21,073,169 | 19,867,942 | 1,779,441 | 1,635,162 | 22,852,610 | 21,503,104 |
| **EXPENSES:** | | | | | | |
| General Government | 1,209,716 | 1,092,613 | --- | --- | 1,209,716 | 1,092,613 |
| Education | 6,379,185 | 6,042,581 | --- | --- | 6,379,185 | 6,042,581 |
| Natural and Economic Resources | 1,006,506 | 928,873 | --- | --- | 1,006,506 | 928,873 |
| Transportation and Law Enforcement | 2,255,196 | 2,303,272 | --- | --- | 2,255,196 | 2,303,272 |
| Human Services | 9,876,119 | 9,191,994 | --- | --- | 9,876,119 | 9,191,994 |
| State Lottery | --- | --- | 740,279 | 689,426 | 740,279 | 689,426 |
| Unemployment Compensation | --- | --- | 498,318 | 444,962 | 498,318 | 444,962 |
| Petroleum Storage Tank | --- | --- | 21,516 | 16,249 | 21,516 | 16,249 |
| Veterans' Homes | --- | --- | 57,066 | 53,234 | 57,066 | 53,234 |
| All Other Expenses | 174,450 | 149,987 | 16,643 | 16,498 | 191,093 | 166,485 |
| *Total Expenses* | 20,901,172 | 19,709,320 | 1,333,822 | 1,220,369 | 22,234,994 | 20,929,689 |
| Increase (Decrease) in Net Assets before Contributions & Transfers | 171,997 | 158,622 | 445,619 | 414,793 | 617,616 | 573,415 |
| *Transfers* | 264,883 | 256,687 | (264,883) | (256,687) | --- | --- |
| Change in Net Assets | 436,880 | 415,309 | 180,736 | 158,106 | 617,616 | 573,415 |
| *Net Assets - July 1* | 28,598,130 | 28,182,821 | 235,892 | 77,786 | 28,834,022 | 28,260,607 |
| *Net Assets - June 30* | $ 29,035,010 | $ 28,598,130 | $ 416,628 | $ 235,892 | $ 29,451,638 | $ 28,834,022 |

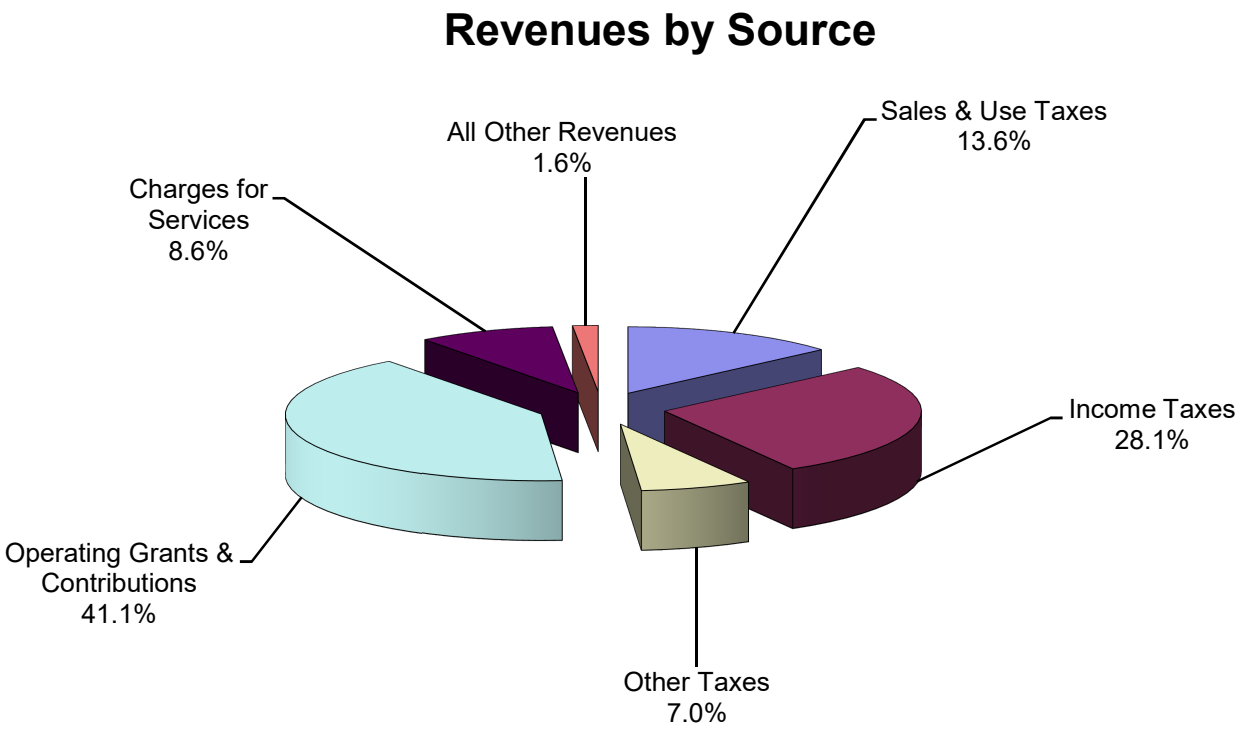
*Fiscal year 2007 amounts have been restated.

### Governmental Activities

The net assets of governmental activities increased $436.9 million in fiscal year 2008. Revenues for the governmental activities totaled $21.1 billion, while expenses totaled $20.9 billion in 2008.

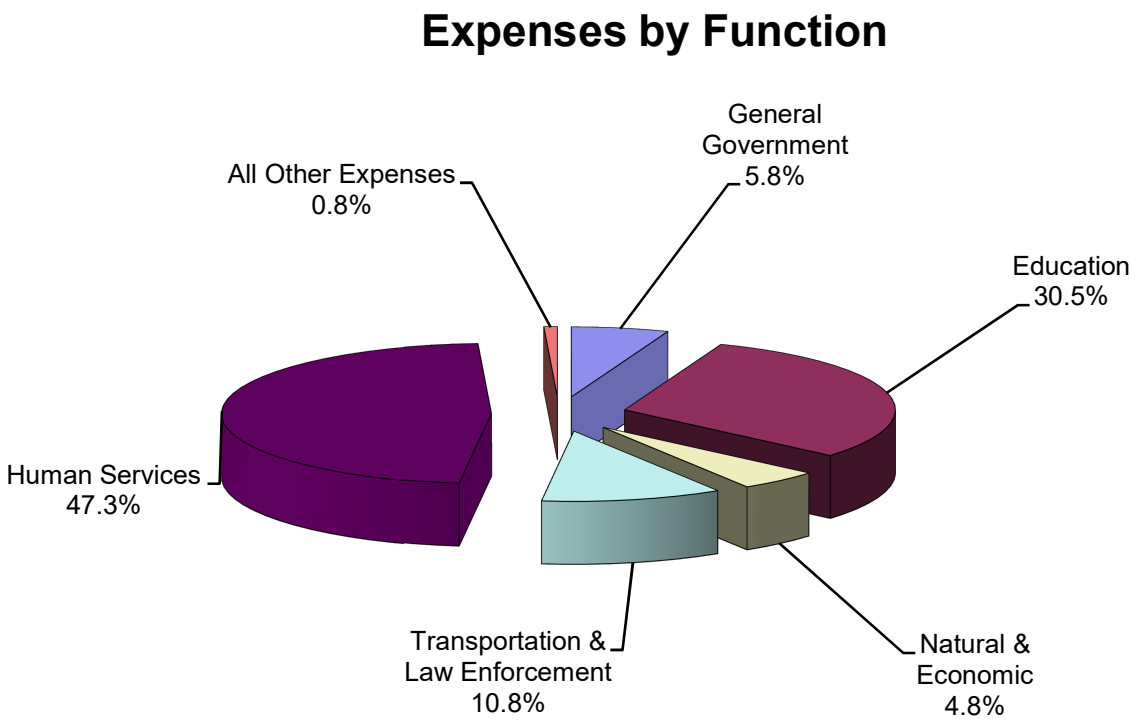
General and program revenues of governmental activities increased $1.2 billion during the fiscal year. The increase in revenue was due primarily to an increase of $841.0 million in operating grants and contributions.

As shown in the Revenues by Source chart below, approximately 48.7% of revenues from all sources earned came from taxes. Operating grants and contributions, which represents amounts received from other governments/entities, primarily the federal government, provided 41.1% of total revenue. Charges for services contributed 8.6% and various other revenues provided 1.6% of the remaining governmental activity revenue sources.



The State's governmental activities program expenses increased $1.2 billion during fiscal year 2008. Transportation and Law Enforcement expenditures decreased $48.1 million while General Government, Education, Natural and Economic Resources, Human Services, and Other Expenses increased $1.2 billion.

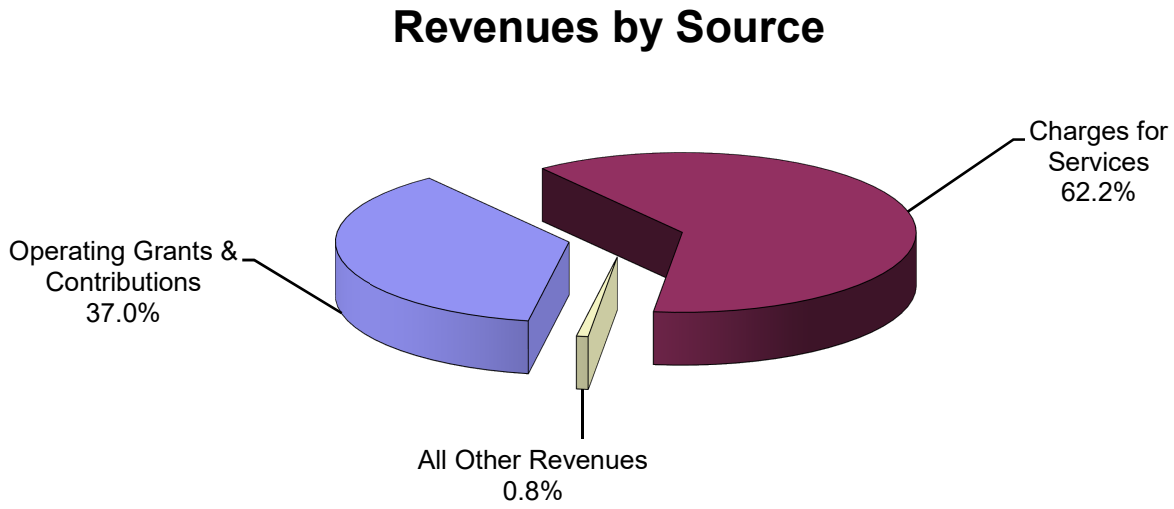
As shown in the Expenses by Function chart below, expense for Human Services makes up the largest portion – 47.3% – of total governmental expenses.



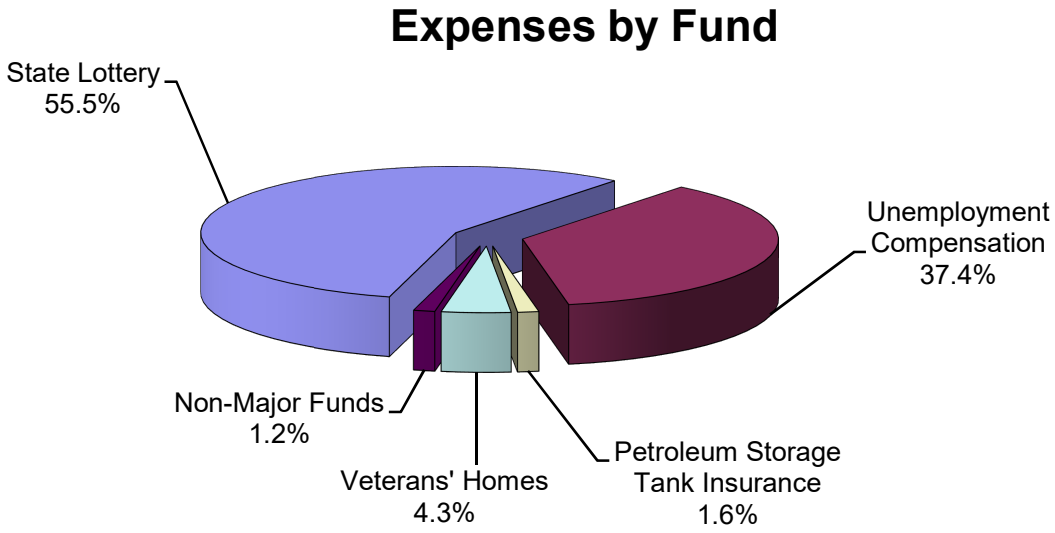
**Business-Type Activities**

Net assets of the State's business-type activities increased $180.7 million in fiscal year 2008. Total business-type program revenues increased by $134.5 million during the current fiscal year. Program expenses of business-type activities increased $113.5 million from fiscal year 2007 to 2008.

Revenues of business-type activities totaled $1.8 billion. As shown in the Revenues by Source chart below, 62.2% of the revenues came from charges for services. Operating grants and contributions provided 37.0% of total revenue and all other revenues provided 0.8%.




Expenses of business-type activities totaled $1.3 billion. As shown in the Expenses by Fund chart below, the State Lottery makes up the largest portion with 55.5% of total business-type expenses. Unemployment compensation comes in second at 37.4%, followed by veterans' homes at 4.3%, petroleum storage tank at 1.6%, and non-major funds at 1.2%.



## FINANCIAL ANALYSIS OF THE STATE'S INDIVIDUAL FUNDS

### Governmental Funds:

At the end of fiscal year 2008, the State's governmental funds reported combined ending fund balances of $5.3 billion. Approximately 67.7% is unreserved and available for spending at the government's discretion. The remainder of fund balance is reserved to indicate that it is not available for new spending because it has already been committed: 1) for budget reserve, 2) to pay debt service, 3) for loans receivable, and 4) for a variety of other purposes.

Fund balances (in thousands) for governmental funds are as follows:

| | General Fund | Public Education | Conservation and Environmental Protection | Transportation and Law Enforcement | Missouri Road Fund | Non-Major | Total |
|---|---|---|---|---|---|---|---|
| Unreserved | $ 1,335,999 | $ 390,639 | $ 413,104 | $ 198,789 | $ 858,865 | $ 356,281 | $ 3,553,677 |
| Reserved | 584,441 | 42 | 792,285 | 8,983 | 145,744 | 165,203 | 1,696,698 |
| ***Total*** | $ 1,920,440 | $ 390,681 | $ 1,205,389 | $ 207,772 | $ 1,004,609 | $ 521,484 | $ 5,250,375 |

The general fund is the chief operating fund of the State. At the end of fiscal year 2008, the State's general fund reported a total fund balance of $1.9 billion. The net increase in fund balance during fiscal year 2008 was $63.5 million. Expenditures of the general fund totaled $13.0 billion in fiscal year 2008, an increase of $873.7 million from fiscal year 2007. The major contributing factor to this was an increase in expenditures for human services of $706.0 million from fiscal year 2007 to fiscal year 2008. The most significant increase was medical assistance payments which increased $328.4 million.

The public education fund provides general and special education services to the children of the State and other related functions such as library services and student loans. Total fund balance increased by $87.0 million. Revenues of the public education funds totaled $1.5 billion in fiscal year 2008, an increase of $249.5 million from fiscal year 2007. The major factor that contributed to this was an increase of $245.3 million in the contributions and intergovernmental revenues.

The conservation and environmental protection fund provides for the preservation of the State's wildlife and environment. The fund balance increased by $74.4 million. Major contributing factors to this were increases of $23.4 million in licenses, fees, and permits, and $11.5 million in penalties and unclaimed property.

The transportation and law enforcement fund provides transportation services, road construction and maintenance, and the enforcement of vehicle laws and traffic safety. The fund balance decreased by $5.2 million. The major factor contributing to this was an increase in expenses, including a $50.5 million increase in transfers to the Missouri road fund.

The Missouri road fund accounts for revenues from highway users' fees, federal reimbursements for highway projects, and bond proceeds to be used for costs of constructing and maintaining an adequate state highway system. The fund balance increased by $346.8 million in fiscal year 2008. Revenues of the Missouri road fund increased during fiscal year 2008 by $81.3 million primarily due to an increase of $110.5 million in revenues from contributions and intergovernmental funds.

**Proprietary Funds:**

The State has three major proprietary funds: State Lottery, Unemployment Compensation, and the Petroleum Storage Tank Insurance Fund. The State Lottery was established in 1986 to account for the sale of lottery tickets and lottery operations. Since 1992, public education has been the sole beneficiary of lottery proceeds. Unemployment Compensation accounts for contributions and payments collected from Missouri employers under the provision of the "Unemployment Compensation Law." This tax finances benefits for workers who become unemployed through no fault of their own. The Petroleum Storage Tank Insurance Fund accounts for moneys collected from transport load fees and participating owners of petroleum storage tanks. The fund pays cleanup expenses for petroleum leaks or spills from underground storage tanks and certain above ground storage tanks as well as third party property damage or bodily injury resulting from such discharges. This fund is one of the largest insurers of tanks in the country.

The State Lottery Fund's net assets increased by $3.1 million. Revenues increased by $60.5 million during the fiscal year which was partially offset by an increase in expenses for prizes paid. The increase in revenues was mainly due to a $61.2 million increase in sales. The overall increase in sales was driven by a 8.2% increase in scratcher ticket sales due to an increase in prizes and the introduction of higher priced games.

The Unemployment Compensation Fund's net assets increased by $130.3 million due primarily to steady growth after the repayment of a federal loan in 2007. This has allowed for an increase in investments, leading to an increase in interest revenue by $6.7 million. Revenues and expenses remain consistent, with revenues outpacing expenses.

The Petroleum Storage Tank Insurance Fund's net assets increased by $7.6 million. Expenses increased by $5.3 million primarily due to increased program expenses. However, revenues continued to outpace expenses during the fiscal year.

## GENERAL FUND BUDGETARY HIGHLIGHTS

The original budget is the first complete appropriated budget that is truly agreed to and finally passed, and signed by the Governor. The final budget includes emergency and supplemental appropriations, transfers, and increases to estimated appropriations.

Budgeted appropriations for fiscal year 2008 from the general fund were $18.3 billion original budget and $18.7 billion revised budget. Actual spending was $17.6 billion. Reasons for the budget variances include:

- Federal grants received were lower than appropriation authority.
- Multiple year grants are appropriated in one year but the expenditures may occur over several years.
- Appropriation authority exceeded cash available for expenditures.

Budgeted revenues/transfers in for fiscal year 2008, for the general fund, was $18.1 billion original budget and $18.2 billion revised budget. Actual revenue/transfers in was $17.8 billion. The main cause of the variance is due to federal programs receiving lower awards than anticipated.

Refer to the *Notes to RSI*, Budgetary Reporting, on page 101 for more information on budgetary variances.

## GOVERNMENT-WIDE CAPITAL ASSET AND DEBT ADMINISTRATION

### Capital Assets:

The State's investment in capital assets for its governmental and business-type activities as of June 30, 2008, was $29.0 billion (net of accumulated depreciation). This investment in capital assets includes construction in progress, infrastructure in progress, land, land improvements, buildings and improvements, equipment, and infrastructure.

### Capital Assets of the State include (in thousands):

| | Governmental Activities | Business-Type Activities | Total |
|---|---|---|---|
| Construction in Progress | $ 678,836 | $ 3,134 | $ 681,970 |
| Infrastructure in Progress | 2,672,052 | --- | 2,672,052 |
| Land | 2,772,245 | 7,686 | 2,779,931 |
| Land Improvements | 152,845 | 7,446 | 160,291 |
| Buildings and Improvements | 2,519,312 | 27,915 | 2,547,227 |
| Equipment | 1,166,544 | 45,974 | 1,212,518 |
| Infrastructure | 41,257,724 | --- | 41,257,724 |
| *Subtotal* | 51,219,558 | 92,155 | 51,311,713 |
| Less Accumulated Depreciation | (22,258,796) | (50,400) | (22,309,196) |
| ***Total Capital Assets, Net*** | $ 28,960,762 | $ 41,755 | $ 29,002,517 |

Additional information on capital assets can be found in *Note 5* of this report.

### Debt Administration:

At the end of fiscal year 2008, the primary government had total general obligation and other bonded debt outstanding of $3.8 billion. Of this amount, $666.2 million comprises debt backed by the full faith and credit of the government.

Principal amounts retired in fiscal year 2008 were $68,350,000 for general obligation bonds and $103,005,000 for other bonds.

The State of Missouri is proud to be one of only seven states to maintain a Triple-A credit rating from all three major credit rating agencies (Moody's Investor Services, Inc., Standard and Poor's, and Fitch Ratings, Inc.) on the State's General Obligation Bonds.

### Outstanding Bonds Payable of the State include (in thousands):

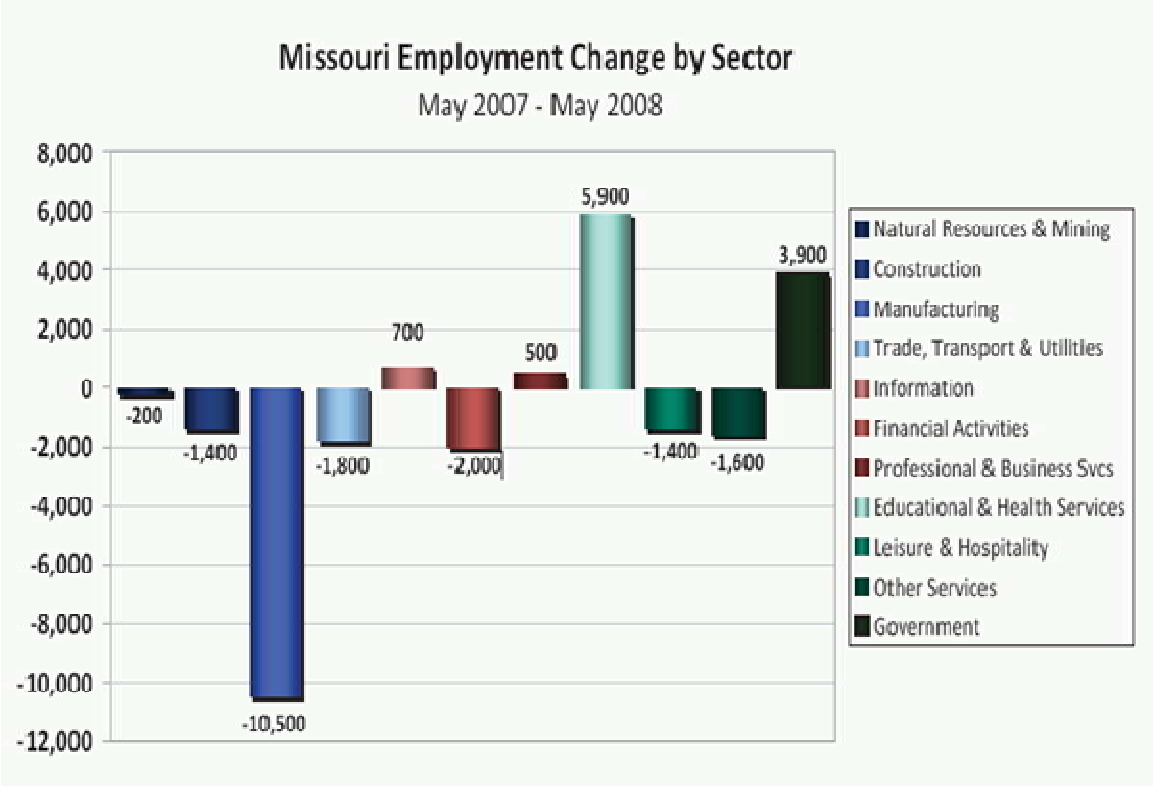
| | Governmental Activities | Component Units | Total |
|---|---|---|---|
| General Obligation Bonds | $ 666,165 | $ --- | $ 666,165 |
| Other Bonds | 3,084,670 | 1,399,124 | 4,483,794 |
| ***Total*** | $ 3,750,835 | $ 1,399,124 | $ 5,149,959 |

Additional information on long-term debt can be found in *Notes 11, 12, and 13* of this report.

## ECONOMIC OUTLOOK AND NEXT YEAR'S BUDGET

The State of Missouri completed fiscal year 2008 with a balanced budget. Net general revenue collections increased 3.7% from fiscal year 2007 ending with an amount of $8.0 billion. The approved budget for fiscal year 2009 anticipates an increase of 2.8 % from fiscal year 2008 in general revenue collections. However, worsening economic conditions will make it difficult to achieve the increase in revenues.

As a major manufacturing, financial, and agricultural state, Missouri's economic health is tied closely to that of the nation. The national economy has slowed in 2008; it is not expected to return to growth near average until mid-to-late 2009. The rate of Missouri's employment growth began to slow in 2007. Missouri's unemployment rate increased 0.7% in fiscal year 2008. At June 2008 the unemployment rate was 5.7% compared to the June 2007 unemployment rate of 5.0%. The national unemployment rate was 5.5% in June 2008. The graph below shows the growth and decline in employment by employment sector.




*Source: Missouri Economic Report 2008*

Employment growth by industry identifies the types of jobs being created in the state. On the other side of the ledger, industries with decreasing trend employment indicate those which are becoming less important to the state's economy. Comparing May 2008 to May 2007, several sectors have had employment declines in Missouri. Manufacturing employment declined by 10,500 while financial activities, which has been affected by the housing market, declined by 2,000 over the period. The education and health service industry had the largest growth over the year with employment increasing by 5,900; the health care and social assistance subsector makes up more than 80% of the industry. The government sector has also increased in employment over the year.

Missouri's financial position has been strong, however the growth of general revenue for fiscal year 2009 and beyond remains guarded. This will result in several funding challenges in mandatory programs such as education, health care, and transportation.

Funding remains a challenge for Missouri schools. A revision to the school funding formula was made in 2005 in response to a lawsuit filed by 257 of the 524 Missouri schools against the State in January 2004 over both the equity in funding between schools and the overall adequacy of school funding. The revision in the school funding formula calls for $800 million to be phased in by the 2012-13 school year. However, an amended lawsuit was filed in November 2005 and went to trial in 2007. The judge ruled in favor of the state but an appeal has been filed with the Missouri Supreme Court. In fiscal year 2009, funding for Missouri Public schools will increase by $121.2 million from fiscal year 2008 due to a change in the school funding formula.

The quality of health care continues to be a priority for Missouri. Missouri Department of Social Services MO HealthNet Division has been awarded a $1.7 million dollar grant to improve access to medical care for MO HealthNet participants. MO HealthNet was established as a new way to provide health care for low income Missourians and replaces the old Medicaid system.

Missouri will face a significant drop in funding for transportation in 2010 when proceeds from Amendment 3 end. Compounding the problem is rising construction and material costs. Missouri Department of Transportation (MoDOT) has been able to aggressively manage costs by: rebidding projects if they come in too high, closing roads during construction if it saves time and money, asking contractors to use alternate materials, propose innovative design and construction methods and work off-hours, and designing projects to fit specific needs, which has saved $50 million that will be used to tackle additional highway projects. The 2009-2013 transportation programs currently planned include $300 million in new construction projects, which is possible because lower than expected interest rates on bond payments has allowed the money received from Amendment 3 to go further. The $140 million of Amendment 3 money that will be used to pay bond payments, combined with state savings from using Practical Design on projects and local matching funds, allows MoDOT to tackle these new highway projects over the next five years, which includes additional lanes, interchange improvements, and congestion relief.

Despite funding challenges, the State is working to stimulate the economy, increase efficiency, and decrease costs. In fiscal year 2008, Missouri passed Senate Bill 711 which makes changes to the Senior Property Tax Credit and Homestead Tax Credit by preventing burdensome property taxes on low-income seniors. The bill also requires mandatory levy rollbacks. This legislation closed a loophole in the law that allows local governments that are imposing a tax below the approved levy to increase the tax rates by more than inflation. The "Show Me Green Sales Tax Holiday" was created in Senate Bill 1181 making all sales of Energy Star certified new appliances exempt from state sales tax for a seven-day period in April beginning in 2009 and every year thereafter. The bill also requires energy efficiencies in new state building design and construction, and allows for low interest loans for eligible alternative energy operations producing and selling fuel or power from alternative energy sources including solar, hydroelectric, wind, and qualified biomass. Enhancements were authorized to the Quality Jobs program and the Enhanced Enterprise Zone program tax credits through House Bill 2058 and Senate Bill 718. To help protect consumers, House Bill 2188 defines mortgage fraud, foreclosure scams and fraud schemes, and makes mortgage fraud a class C felony.

## REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the State's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of Administration, Division of Accounting, P.O. Box 809, Jefferson City, MO 65102.

*The **Basic Financial Statements** include the Government-Wide Financial Statements, the Governmental Fund Financial Statements, the Proprietary Fund Financial Statements, the Fiduciary Fund Financial Statements, the Component Unit Financial Statements, and the accompanying notes to the statements.*

# STATE OF MISSOURI
# STATEMENT OF NET ASSETS
# June 30, 2008
# (In Thousands of Dollars)

| | Primary Government | | | |
|---|---|---|---|---|
| | Governmental Activities | Business-Type Activities | Total | Component Units |
| **Assets** | | | | |
| Cash and Cash Equivalents (Note 3) | $ 688,178 | $ 244,298 | $ 932,476 | $ 101,008 |
| Investments (Note 3) | 3,857,195 | 139,152 | 3,996,347 | 1,211,274 |
| Receivables, Net (Note 14) | 2,799,532 | 188,218 | 2,987,750 | 505,426 |
| Internal Balances | 19,377 | (19,377) | --- | --- |
| Inventories | 91,546 | 1,730 | 93,276 | 46,799 |
| Deposits and Prepaid Expenses | 99 | 114 | 213 | 26,956 |
| Invested Securities Lending Collateral (Note 3) | --- | --- | --- | 106,360 |
| Restricted Assets: | | | | |
| Cash and Cash Equivalents (Note 3) | 46,482 | --- | 46,482 | 325,295 |
| Investments (Note 3) | 68,152 | 61,733 | 129,885 | 1,106,509 |
| Receivables, Net | --- | --- | --- | 9,196 |
| Deferred Costs and Other Assets | 67,318 | --- | 67,318 | 17,227 |
| Assets Held for Resale | --- | 115 | 115 | --- |
| Capital Assets (Note 5): | | | | |
| Non-depreciable | 6,123,133 | 10,820 | 6,133,953 | 466,760 |
| Depreciable, Net | 22,837,629 | 30,935 | 22,868,564 | 3,201,803 |
| Total Assets | 36,598,641 | 657,738 | 37,256,379 | 7,124,613 |
| **Liabilities** | | | | |
| Payables (Note 14) | 1,245,530 | 16,944 | 1,262,474 | 522,749 |
| Securities Lending Collateral (Note 3) | --- | --- | --- | 106,360 |
| Unearned Revenue (Note 1) | 125,382 | 625 | 126,007 | 93,323 |
| Escheat/Unclaimed Property | 97,038 | --- | 97,038 | --- |
| Long-Term Liabilities (Note 11): | | | | |
| Due within one year | 634,204 | 66,330 | 700,534 | 94,332 |
| Due in more than one year | 5,461,477 | 157,211 | 5,618,688 | 1,455,472 |
| Total Liabilities | 7,563,631 | 241,110 | 7,804,741 | 2,272,236 |
| **Net Assets** | | | | |
| Invested in Capital Assets, Net of Related Debt | 25,439,971 | 41,755 | 25,481,726 | 2,401,447 |
| Restricted for: | | | | |
| Budget Reserve | 559,206 | --- | 559,206 | --- |
| Debt Service | 2,578,018 | --- | 2,578,018 | --- |
| Grants | 210,059 | --- | 210,059 | --- |
| Enabling Legislation (Note 1) | 1,355,342 | 36,321 | 1,391,663 | --- |
| Loans Receivable | 791,974 | --- | 791,974 | --- |
| Permanent Trusts: | | | | |
| Expendable | 116 | --- | 116 | --- |
| Non-Expendable | 62,919 | --- | 62,919 | --- |
| College and Universities: | | | | |
| Expendable | --- | --- | --- | 426,003 |
| Non-Expendable | --- | --- | --- | 747,020 |
| Other Purposes | 411,170 | 9,041 | 420,211 | 86,342 |
| Unrestricted | (2,373,765) | 329,511 | (2,044,254) | 1,191,565 |
| Total Net Assets | $ 29,035,010 | $ 416,628 | $ 29,451,638 | $ 4,852,377 |

The notes to the financial statements are an integral part of this statement.

**STATE OF MISSOURI**
**STATEMENT OF ACTIVITIES**
**For the Fiscal Year Ended June 30, 2008**
**(In Thousands of Dollars)**

| Functions/Programs | Expenses | Program Revenues: Charges for Services | Program Revenues: Operating Grants and Contributions | Program Revenues: Capital Grants and Contributions | Net (Expenses) Revenues and Changes in Net Assets: Primary Government: Governmental Activities | Primary Government: Business-Type Activities | Primary Government: Total | Component Units |
|---|---|---|---|---|---|---|---|---|
| **Primary Government:** | | | | | | | | |
| Governmental Activities: | | | | | | | | |
| General Government | $ 1,209,716 | $ 776,380 | $ 90,381 | $ 30 | $ (342,925) | $ --- | $ (342,925) | $ --- |
| Education | 6,379,185 | 35,532 | 1,272,045 | --- | (5,071,608) | --- | (5,071,608) | --- |
| Natural and Economic Resources | 1,006,506 | 160,183 | 326,560 | 36 | (519,727) | --- | (519,727) | --- |
| Transportation and Law Enforcement | 2,255,196 | 400,306 | 1,299,931 | 74 | (554,885) | --- | (554,885) | --- |
| Human Services | 9,876,119 | 363,838 | 5,680,378 | 247 | (3,831,656) | --- | (3,831,656) | --- |
| Interest on Debt (Excluding Direct Expense) | 174,450 | 80,138 | --- | --- | (94,312) | --- | (94,312) | --- |
| Total Governmental Activities | 20,901,172 | 1,816,377 | 8,669,295 | 387 | (10,415,113) | --- | (10,415,113) | --- |
| Business-Type Activities: | | | | | | | | |
| State Lottery | 740,279 | 1,005,421 | --- | --- | --- | 265,142 | 265,142 | --- |
| Unemployment Compensation | 498,318 | --- | 621,856 | --- | --- | 123,538 | 123,538 | --- |
| Petroleum Storage Tank Insurance | 21,516 | 24,694 | 438 | --- | --- | 3,616 | 3,616 | --- |
| Missouri Veterans' Homes | 57,066 | 26,934 | 32,666 | --- | --- | 2,534 | 2,534 | --- |
| Non-Major Funds | 16,643 | 49,434 | 2,574 | --- | --- | 35,365 | 35,365 | --- |
| Total Business-Type Activities | 1,333,822 | 1,106,483 | 657,534 | --- | --- | 430,195 | 430,195 | --- |
| Total Primary Government | $ 22,234,994 | $ 2,922,860 | $ 9,326,829 | $ 387 | (10,415,113) | 430,195 | (9,984,918) | --- |
| Component Units: | | | | | | | | |
| College and Universities | $ 3,287,553 | $ 1,935,169 | $ 1,397,726 | $ 86,474 | --- | --- | --- | 131,816 |
| Non-Major Component Units | 18,375 | 8,084 | --- | --- | --- | --- | --- | (10,291) |
| Total Component Units | $ 3,305,928 | $ 1,943,253 | $ 1,397,726 | $ 86,474 | --- | --- | --- | 121,525 |
| General Revenues: | | | | | | | | |
| Taxes: | | | | | | | | |
| Sales and Use | | | | | 2,871,465 | --- | 2,871,465 | --- |
| Individual Income | | | | | 5,447,817 | --- | 5,447,817 | --- |
| Corporate Income | | | | | 463,826 | --- | 463,826 | --- |
| County Foreign Insurance | | | | | 186,566 | --- | 186,566 | --- |
| Alcoholic Beverage | | | | | 27,754 | --- | 27,754 | --- |
| Corporate Franchise | | | | | 82,360 | --- | 82,360 | --- |
| Inheritance | | | | | 3,073 | --- | 3,073 | --- |
| Miscellaneous Taxes | | | | | 1,173,076 | --- | 1,173,076 | --- |
| Grants and Contributions not Restricted to Specific Programs | | | | | 196,401 | --- | 196,401 | --- |
| Unrestricted Investment Earnings | | | | | 134,772 | 15,424 | 150,196 | 64,526 |
| Extraordinary Items | | | | | --- | --- | --- | 293 |
| Transfers | | | | | 264,883 | (264,883) | --- | --- |
| Total General Revenues and Transfers | | | | | 10,851,993 | (249,459) | 10,602,534 | 64,819 |
| Change in Net Assets | | | | | 436,880 | 180,736 | 617,616 | 186,344 |
| Net Assets - Beginning | | | | | 28,598,130 | 235,892 | 28,834,022 | 4,666,033 |
| Net Assets - Ending | | | | | $ 29,035,010 | $ 416,628 | $ 29,451,638 | $ 4,852,377 |

The notes to the financial statements are an integral part of this statement.

*The **Governmental Funds** focus on current financial resources.*

## *Governmental Fund Financial Statements*

## Major Funds

**General Fund** – Accounts for all current financial resources not required by law or administrative action to be accounted for in another fund.

See the General Fund Combining Statements presented as part of Supplementary Information for listings of all funds included in the General Fund.

**Major Special Revenue Funds:**

***Public Education*** – Provides general and special education needs of the State and other related areas such as library services and student loans.

***Conservation and Environmental Protection*** – Provides for the preservation of the State's wildlife and environment.

***Transportation and Law Enforcement*** – Provides transportation services, road construction and maintenance, and the enforcement of vehicle laws and traffic safety.

**Major Capital Projects Fund:**

***Missouri Road Fund*** – Accounts for revenues from highway users' fees, federal reimbursements for highway projects, and bond proceeds to be used for costs of constructing and maintaining an adequate state highway system. This also includes the following blended component units: Fulton 54 Transportation Corporation; Missouri Highway 179 Transportation Corporation; Missouri Highway 63 Transportation Corporation; Springfield, Missouri State Highway Improvement Corporation; and the Wentzville Parkway Transportation Corporation.

## Non-Major Funds

Non-Major Governmental Funds are presented in the Combining and Individual Fund Statements and Schedules for non-major funds as part of Supplementary Information.

# STATE OF MISSOURI
# BALANCE SHEET
# GOVERNMENTAL FUNDS
# June 30, 2008
# (In Thousands of Dollars)

| | General Fund | Public Education | Conservation and Environmental Protection | Transportation and Law Enforcement | Missouri Road Fund | Non-Major Funds | Eliminations | Totals June 30, 2008 |
|---|---|---|---|---|---|---|---|---|
| **ASSETS** | | | | | | | | |
| Cash and Cash Equivalents (Note 3) | $ 174,712 | $ 44,597 | $ 55,439 | $ 19,452 | $ 191,886 | $ 51,578 | $ --- | $ 537,664 |
| Investments (Note 3) | 1,775,705 | 270,429 | 340,207 | 50,368 | 742,904 | 490,251 | --- | 3,669,864 |
| Accounts Receivable, Net | 1,498,353 | 122,871 | 43,250 | 144,660 | 90,010 | 23,675 | --- | 1,922,819 |
| Interest Receivable | 15,539 | 2,635 | 3,211 | 437 | 5,833 | 2,550 | --- | 30,205 |
| Due from Other Funds (Note 15) | 17 | 17,640 | 119 | 72 | 768 | 933 | (1,870) | 17,679 |
| Due from Component Units (Note 15) | --- | --- | 983 | --- | --- | --- | --- | 983 |
| Inventories | 20,183 | 42 | 515 | 6,665 | 42,443 | 221 | --- | 70,069 |
| Advance to Component Units (Note 15) | --- | --- | 3,851 | --- | --- | --- | --- | 3,851 |
| Loans Receivable | --- | --- | 789,281 | 2,318 | --- | 375 | --- | 791,974 |
| Restricted Assets: | | | | | | | | |
| Cash and Cash Equivalents (Note 3) | --- | --- | --- | --- | 19,242 | --- | --- | 19,242 |
| Investments (Note 3) | --- | --- | --- | --- | 67,852 | --- | --- | 67,852 |
| Total Assets | $ 3,484,509 | $ 458,214 | $ 1,236,856 | $ 223,972 | $ 1,160,938 | $ 569,583 | $ (1,870) | $ 7,132,202 |
| **LIABILITIES AND FUND BALANCES** | | | | | | | | |
| Liabilities: | | | | | | | | |
| Accounts Payable | $ 883,190 | $ 39,750 | $ 6,781 | $ 4,835 | $ 106,209 | $ 36,771 | $ --- | $ 1,077,536 |
| Accrued Payroll | 60,326 | 246 | 5,059 | 5,869 | 17,787 | 3,459 | --- | 92,746 |
| Due to Other Funds (Note 15) | 16,141 | 93 | 561 | 290 | 964 | 864 | (1,870) | 17,043 |
| Deferred Revenue (Note 1) | 507,325 | 27,444 | 19,066 | 5,206 | 25,202 | 7,005 | --- | 591,248 |
| Arbitrage Liability | 49 | --- | --- | --- | --- | --- | --- | 49 |
| Escheat/Unclaimed Property | 97,038 | --- | --- | --- | --- | --- | --- | 97,038 |
| Advance from Component Units (Note 15) | --- | --- | --- | --- | 6,167 | --- | --- | 6,167 |
| Total Liabilities | 1,564,069 | 67,533 | 31,467 | 16,200 | 156,329 | 48,099 | (1,870) | 1,881,827 |
| Fund Balances: | | | | | | | | |
| Reserved for: | | | | | | | | |
| Budget Reserve | 559,206 | --- | --- | --- | --- | --- | --- | 559,206 |
| Inventories | 20,183 | 42 | 515 | 6,665 | 42,443 | 221 | --- | 70,069 |
| Forfeited Assets | 797 | --- | 2,489 | --- | --- | --- | --- | 3,286 |
| Taxes | 4,255 | --- | --- | --- | --- | --- | --- | 4,255 |
| Debt Service | --- | --- | --- | --- | 103,301 | 101,688 | --- | 204,989 |
| Loans Receivable | --- | --- | 789,281 | 2,318 | --- | 375 | --- | 791,974 |
| Trust Principal | --- | --- | --- | --- | --- | 62,919 | --- | 62,919 |
| Unreserved, Reported In: | | | | | | | | |
| General Fund | 1,335,999 | --- | --- | --- | --- | --- | --- | 1,335,999 |
| Special Revenue Funds | --- | 390,639 | 413,104 | 198,789 | --- | 287,336 | --- | 1,289,868 |
| Capital Projects Funds | --- | --- | --- | --- | 858,865 | 68,829 | --- | 927,694 |
| Permanent Funds | --- | --- | --- | --- | --- | 116 | --- | 116 |
| Total Fund Balances | 1,920,440 | 390,681 | 1,205,389 | 207,772 | 1,004,609 | 521,484 | --- | 5,250,375 |
| Total Liabilities and Fund Balances | $ 3,484,509 | $ 458,214 | $ 1,236,856 | $ 223,972 | $ 1,160,938 | $ 569,583 | $ (1,870) | $ 7,132,202 |

The notes to the financial statements are an integral part of this statement.

## STATE OF MISSOURI
## RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET ASSETS
## June 30, 2008
## (In Thousands of Dollars)

| | | |
|---|---|---|
| Total Fund Balances - Governmental Funds | | $ 5,250,375 |
| Amounts reported for governmental activities in the Statement of Net Assets are different because: | | |
| Capital assets used in governmental funds are not financial resources and they are not reported in the funds. These assets consist of (Note 5): | | |
| Construction in Progress | 449,239 | |
| Infrastructure in Progress | 2,672,052 | |
| Land | 2,763,770 | |
| Land Improvements | 149,693 | |
| Buildings and Improvements | 2,213,619 | |
| Equipment | 1,075,847 | |
| Infrastructure | 41,257,724 | |
| Accumulated Depreciation | (22,020,403) | |
| | | 28,561,541 |
| Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds (Note 1). | | 489,894 |
| Bonds issued by the State have associated costs that are paid from current available financial resources in the funds. However, these costs are deferred on the Statement of Net Assets. | | 67,318 |
| Some liabilities are not due and payable in the current period and therefore are not reported in the funds. Those liabilities consist of (Notes 11 and 12): | | |
| Due to Other Entities | (36,195) | |
| General Obligation and Other Bonds Payable | (3,750,835) | |
| Unamortized Bond Premium | (164,737) | |
| Accrued Interest on Bonds | (37,099) | |
| Obligation under Lease Purchases | (228,348) | |
| Compensated Absences | (171,328) | |
| Claims Liability | (86,033) | |
| Contingent Liabilities | (1,288,100) | |
| Net Other Postemployment Benefit Obligation | (112,644) | |
| Net Pension Obligation | (109,041) | |
| | | (5,984,360) |
| Internal service funds are used by management to charge the costs of certain activities, such as insurance and telecommunications, to individual funds. The assets and liabilities are included in governmental activities in the Statement of Net Assets. | | 650,242 |
| Net Assets of Governmental Activities | | $ 29,035,010 |

The notes to the financial statements are an integral part of this statement.

# STATE OF MISSOURI
## STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
## GOVERNMENTAL FUNDS
## For the Fiscal Year Ended June 30, 2008
## (In Thousands of Dollars)

| | General Fund | Public Education | Conservation and Environmental Protection | Transportation and Law Enforcement | Missouri Road Fund | Non-Major Funds | Eliminations | Totals June 30, 2008 |
|---|---|---|---|---|---|---|---|---|
| **Revenues:** | | | | | | | | |
| Taxes | $ 7,783,239 | $ 1,140,050 | $ 183,880 | $ 772,206 | $ 207,662 | $ 133,586 | $ --- | $ 10,220,623 |
| Licenses, Fees, and Permits | 76,700 | 7,610 | 80,695 | 198,868 | 100,090 | 174,087 | --- | 638,050 |
| Sales | 2,269 | 2 | 7,864 | 170 | --- | 1,759 | --- | 12,064 |
| Leases and Rentals | 18 | --- | 177 | 19 | --- | 224 | --- | 438 |
| Services | 231,309 | --- | --- | --- | --- | 200 | --- | 231,509 |
| Contributions and Intergovernmental | 7,553,832 | 309,717 | 69,880 | 488 | 909,880 | 22,314 | --- | 8,866,111 |
| Investment Earnings: | | | | | | | | |
| Net Increase (Decrease) in the Fair Value of Investments | 5,659 | 1,093 | 1,479 | 159 | 1,271 | (3,489) | --- | 6,172 |
| Interest | 103,942 | 14,743 | 18,816 | 4,517 | 41,764 | 20,000 | --- | 203,782 |
| Penalties and Unclaimed Properties | 35,529 | 1,763 | 12,637 | 440 | --- | 13,646 | --- | 64,015 |
| Cost Reimbursement/ Miscellaneous | 181,569 | 57,505 | 3,934 | 723 | 78,950 | 185,008 | --- | 507,689 |
| Total Revenues | 15,974,066 | 1,532,483 | 379,362 | 977,590 | 1,339,617 | 547,335 | --- | 20,750,453 |
| **Expenditures:** | | | | | | | | |
| Current: | | | | | | | | |
| General Government | 755,197 | 2,366 | 3,138 | 214,232 | --- | 46,656 | --- | 1,021,589 |
| Education | 1,882,108 | 4,484,428 | 38 | 13 | --- | 7,084 | --- | 6,373,671 |
| Natural and Economic Resources | 301,559 | 29,627 | 291,195 | 4 | --- | 231,487 | --- | 853,872 |
| Transportation and Law Enforcement | 389,478 | 156 | 824 | 199,234 | 791,171 | 48,239 | --- | 1,429,102 |
| Human Services | 9,602,916 | 21,540 | 1,827 | 60 | --- | 208,766 | --- | 9,835,109 |
| Capital Outlay: | | | | | | | | |
| Transportation and Law Enforcement | --- | --- | --- | --- | 1,143,494 | 677 | --- | 1,144,171 |
| Human Services | --- | --- | --- | --- | --- | 3,133 | --- | 3,133 |
| Debt Service: | | | | | | | | |
| Principal | 47,847 | --- | 967 | 149 | 78,638 | 69,068 | --- | 196,669 |
| Interest | 45,828 | --- | 191 | 62 | 107,722 | 32,629 | --- | 186,432 |
| Bond Issuance Costs | --- | --- | --- | --- | 2,631 | 63 | --- | 2,694 |
| Underwriter's Discount | --- | --- | --- | --- | 170 | 220 | --- | 390 |
| Total Expenditures | 13,024,933 | 4,538,117 | 298,180 | 413,754 | 2,123,826 | 648,022 | --- | 21,046,832 |
| Excess Revenues (Expenditures) | 2,949,133 | (3,005,634) | 81,182 | 563,836 | (784,209) | (100,687) | --- | (296,379) |
| **Other Financing Sources (Uses):** | | | | | | | | |
| Proceeds from Capital Leases | 28,349 | --- | --- | --- | 23,748 | 148 | --- | 52,245 |
| Capital Lease Termination Payment | --- | --- | --- | --- | (22,559) | --- | --- | (22,559) |
| Debt Issuance | --- | --- | --- | --- | 526,800 | 50,000 | --- | 576,800 |
| Swap Termination Payment | --- | --- | --- | --- | (11,118) | --- | --- | (11,118) |
| Bond Premium | --- | --- | --- | --- | 27,808 | 553 | --- | 28,361 |
| Proceeds from Capital Asset Sale | 299 | --- | --- | 4,162 | 8,681 | --- | --- | 13,142 |
| Transfers In (Note 16) | 55,574 | 3,095,190 | 683 | 2,838 | 577,646 | 177,671 | (3,643,339) | 266,263 |
| Transfers Out (Note 16) | (2,965,995) | (2,500) | (7,165) | (577,870) | --- | (96,285) | 3,643,339 | (6,476) |
| Total Other Financing Sources (Uses) | (2,881,773) | 3,092,690 | (6,482) | (570,870) | 1,131,006 | 132,087 | --- | 896,658 |
| Net Change in Fund Balances | 67,360 | 87,056 | 74,700 | (7,034) | 346,797 | 31,400 | --- | 600,279 |
| Fund Balances - Beginning (Note 17) | 1,856,913 | 303,667 | 1,130,998 | 212,964 | 657,812 | 490,071 | --- | 4,652,425 |
| Increase (Decrease) in Reserve for Inventory | (3,833) | (42) | (309) | 1,842 | --- | 13 | --- | (2,329) |
| Fund Balances - Ending | $ 1,920,440 | $ 390,681 | $ 1,205,389 | $ 207,772 | $ 1,004,609 | $ 521,484 | $ --- | $ 5,250,375 |

The notes to the financial statements are an integral part of this statement.

## STATE OF MISSOURI
## RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES IN GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
## For the Fiscal Year Ended June 30, 2008
## (In Thousands of Dollars)

| | | | |
|---|---|---|---|
| Net Change in Fund Balances - Total Governmental Funds | | $ | 600,279 |
| Amounts reported for governmental activities in the Statement of Activities are different because: | | | |
| Inventories, which are recorded under the purchases method for governmental fund reporting, are reported under the consumption approach on the Statement of Activities. As a result of this change the Increase in Reserve for Inventories on the fund statement has been reclassified as a functiona expense on the government-wide statement | | | (2,329) |
| Governmental funds report capital outlays as expenditures. In the Statement of Activities however, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount that capital outlays of $1,313,159 exceeds depreciation of $860,713 in the current period. | | | 452,446 |
| The net effect of the donation of capital assets increased net assets | | | 1,392 |
| Revenues in the Statement of Activities that do not provide current financial resources are no reported as revenues in the funds. | | | 30,979 |
| Proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. In governmental funds, repayment of principa is an expenditure, but the repayment reduces long-term liabilities in the Combined Statement of Net Assets (Notes 11 and 12). | | | |
| Bonds Issued | (576,800) | | |
| Bond Premiums, Issuance, and Refunding Cost | (14,548) | | |
| Bond Principal Payments | 171,355 | | |
| Capital Leases Issued | (52,245) | | |
| Capital Lease Termination Payments | 22,559 | | |
| Capital Lease Payments | 22,487 | | |
| | | | (427,192) |
| Some expenses reported in the Statement of Activities do not require the use of current financia resources, and therefore are not reported as expenditures in governmental funds (Notes 11 and 12) | | | |
| Amortization of Bond Premiums, Issuance, and Refunding Cost | 11,536 | | |
| Increase in Accrued Interes | (2,505) | | |
| Increase in Due to Other Entities | (5,562) | | |
| Increase in Compensated Absences | (3,890) | | |
| Increase in Contingent Liabilities | (93,155) | | |
| Increase in Claims Liability | (490) | | |
| Increase in Net Other Postemployment Benefit Obligatio | (112,644) | | |
| Increase in Net Pension Obligatio | (2,656) | | |
| | | | (209,366) |
| Internal service funds are used by management to charge the costs of certain activities, such as insurance and telecommunications, to individual funds. The net revenue and expense of internal service funds are reported with governmental activities. | | | (9,329) |
| Change in Net Assets of Governmental Activities | | $ | 436,880 |

The notes to the financial statements are an integral part of this statement.

*The **Proprietary Funds** focus on economic resources and are operated in a manner similar to private business enterprises.*

## *Proprietary Fund Financial Statements*

### Major Funds

**State Lottery** – Accounts for proceeds from the sale of lottery tickets and all other moneys credited or transferred to this fund. A minimum of 45% of the moneys are used for prizes.

**Unemployment Compensation** – Accounts for contributions and payments collected under the provisions of the "Unemployment Compensation Law" to pay benefits.

**Petroleum Storage Tank Insurance** – Accounts for moneys collected from transport load fees and participating owners of petroleum storage tanks for cleanup of contamination caused by releases from petroleum storage tanks.

### Non-Major Funds

Non-major enterprise funds and all internal service funds are presented in our combining non-major fund financial statements as part of Supplementary Information.

# STATE OF MISSOURI
# STATEMENT OF NET ASSETS
# PROPRIETARY FUNDS
# June 30, 2008
# (In Thousands of Dollars)

| | Business-Type Activities - Enterprise Funds | | | | | |
|---|---|---|---|---|---|---|
| | Major Funds | | | | Totals | |
| | State Lottery | Unemployment Compensation | Petroleum Storage Tank Insurance | Non-Major Funds | June 30, 2008 | Governmental Activities - Internal Service Funds |
| **ASSETS** | | | | | | |
| Current Assets: | | | | | | |
| Cash and Cash Equivalents (Note 3) | $ 20,059 | $ 213,294 | $ 7,006 | $ 3,939 | $ 244,298 | $ 150,514 |
| Investments (Note 3) | 11,603 | --- | 79,700 | 47,849 | 139,152 | 187,331 |
| Accounts Receivable, Net | 39,759 | 142,801 | 3,806 | 450 | 186,816 | 49,081 |
| Interest Receivable | 164 | --- | 602 | 102 | 868 | 620 |
| Due from Other Funds (Note 15) | --- | --- | --- | 120 | 120 | 17,501 |
| Inventories | --- | --- | --- | 1,730 | 1,730 | 21,477 |
| Prepaid Items | 92 | --- | --- | 22 | 114 | 99 |
| Loans Receivable | --- | --- | --- | 534 | 534 | --- |
| Non-Current Assets: | | | | | | |
| Restricted: | | | | | | |
| Cash and Cash Equivalents (Note 3) | --- | --- | --- | --- | --- | 27,240 |
| Investments (Note 3) | 61,733 | --- | --- | --- | 61,733 | 300 |
| Assets Held for Resale | --- | --- | --- | 115 | 115 | --- |
| Capital Assets (Note 5): | | | | | | |
| Construction in Progress | --- | --- | --- | 3,134 | 3,134 | 229,597 |
| Land | 353 | --- | --- | 7,333 | 7,686 | 8,475 |
| Land Improvements | --- | --- | --- | 7,446 | 7,446 | 3,152 |
| Buildings | 4,747 | --- | --- | 23,168 | 27,915 | 305,693 |
| Equipment | 10,458 | --- | 197 | 35,319 | 45,974 | 90,697 |
| Less Accumulated Depreciation | (12,191) | --- | (171) | (38,038) | (50,400) | (238,393) |
| Total Capital Assets (Net of Accumulated Depreciation) | 3,367 | --- | 26 | 38,362 | 41,755 | 399,221 |
| Total Assets | 136,777 | 356,095 | 91,140 | 93,223 | 677,235 | 853,384 |
| **LIABILITIES** | | | | | | |
| Current Liabilities: | | | | | | |
| Accounts Payable | 2,799 | 11,074 | 44 | 1,007 | 14,924 | 30,069 |
| Accrued Payroll | 284 | --- | 61 | 1,675 | 2,020 | 1,865 |
| Due to Other Funds (Note 15) | 17,674 | --- | 2 | 58 | 17,734 | 523 |
| Unearned Revenue (Note 1) | --- | --- | 522 | 103 | 625 | 24,028 |
| Claims Liability (Note 11) | --- | --- | 15,000 | --- | 15,000 | 66,165 |
| Grand Prize Winner Liability (Note 11) | 48,753 | --- | --- | --- | 48,753 | --- |
| Obligations under Lease Purchase (Note 11) | --- | --- | --- | --- | --- | 3,675 |
| Compensated Absences (Note 11) | 582 | --- | 45 | 1,950 | 2,577 | 3,638 |
| Notes Payable (Note 11) | --- | --- | --- | --- | --- | 177 |
| Non-Current Liabilities: | | | | | | |
| Claims Liability (Note 11) | --- | --- | 101,733 | --- | 101,733 | 50,764 |
| Grand Prize Winner Liability (Note 11) | 55,366 | --- | --- | --- | 55,366 | --- |
| Obligations under Lease Purchase (Note 11) | --- | --- | --- | --- | --- | 19,418 |
| Compensated Absences (Note 11) | 51 | --- | 50 | 11 | 112 | 1,013 |
| Notes Payable (Note 11) | --- | --- | --- | --- | --- | 3,570 |
| Total Liabilities | 125,509 | 11,074 | 117,457 | 4,804 | 258,844 | 204,905 |
| **NET ASSETS** | | | | | | |
| Invested in Capital Assets, Net of Related Debt | 3,367 | --- | 26 | 38,362 | 41,755 | 376,128 |
| Restricted for: | | | | | | |
| Revenue Bonds | --- | --- | --- | --- | --- | 26,585 |
| Other Purposes | 6,267 | --- | --- | 39,095 | 45,362 | 955 |
| Unrestricted | 1,634 | 345,021 | (26,343) | 10,962 | 331,274 | 244,811 |
| Total Net Assets | $ 11,268 | $ 345,021 | $ (26,317) | $ 88,419 | $ 418,391 | $ 648,479 |
| | | | | Total Net Assets Reported Above | $ 418,391 | |
| | | | | Consolidation Adjustment of Internal Service Activities Related to Enterprise Funds | (1,763) | |
| | | | | Net Assets of Business-Type Activities | $ 416,628 | |

The notes to the financial statements are an integral part of this statement.

# STATE OF MISSOURI
## STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
## PROPRIETARY FUNDS
## For the Fiscal Year Ended June 30, 2008
## (In Thousands of Dollars)

| | Business-Type Activities - Enterprise Funds | | | | | |
|---|---|---|---|---|---|---|
| | Major Funds | | | | Totals | |
| | State Lottery | Unemployment Compensation | Petroleum Storage Tank Insurance | Non-Major Funds | June 30, 2008 | Governmental Activities - Internal Service Funds |
| **Operating Revenues:** | | | | | | |
| Employer Contributions | $ --- | $ 605,048 | $ --- | $ --- | $ 605,048 | $ 382,165 |
| Employee Contributions | --- | --- | --- | --- | --- | 177,292 |
| Medicare Part D Subsidy | --- | --- | --- | --- | --- | 3,552 |
| Licenses, Fees, and Permits | --- | --- | 24,693 | 7,360 | 32,053 | 26,164 |
| Sales | 995,493 | --- | --- | 6,748 | 1,002,241 | 36,595 |
| Leases and Rentals | --- | --- | --- | 2,866 | 2,866 | 39,873 |
| Charges for Services | --- | --- | --- | 26,407 | 26,407 | 157,847 |
| Cost Reimbursement/Miscellaneous | 649 | --- | 1 | 974 | 1,624 | 43,907 |
| Total Operating Revenues | 996,142 | 605,048 | 24,694 | 44,355 | 1,670,239 | 867,395 |
| **Operating Expenses:** | | | | | | |
| Cost of Goods Sold | 17,290 | --- | --- | 2,195 | 19,485 | 26,441 |
| Personal Service | 9,800 | --- | 1,107 | 56,548 | 67,455 | 65,994 |
| Operations | 62,809 | --- | 4,064 | 9,681 | 76,554 | 192,430 |
| Prizes Expense | 641,124 | --- | --- | --- | 641,124 | --- |
| Inventories | --- | --- | --- | 1,428 | 1,428 | 1,416 |
| Specific Programs | --- | --- | 16,324 | 342 | 16,666 | 3,847 |
| Insurance Benefits | --- | --- | --- | --- | --- | 589,572 |
| Unemployment Benefits | --- | 498,318 | --- | --- | 498,318 | --- |
| Depreciation | 764 | --- | 6 | 2,902 | 3,672 | 12,189 |
| Other Charges | 8,498 | --- | 11 | 526 | 9,035 | 3,566 |
| Total Operating Expenses | 740,285 | 498,318 | 21,512 | 73,622 | 1,333,737 | 895,455 |
| Operating Income (Loss) | 255,857 | 106,730 | 3,182 | (29,267) | 336,502 | (28,060) |
| **Non-Operating Revenues (Expenses):** | | | | | | |
| Contributions and Intergovernmental | --- | 16,808 | 438 | 35,240 | 52,486 | 23 |
| Interest Expense | --- | --- | --- | --- | --- | (1,248) |
| Investment Earnings: | | | | | | |
| Net Increase (Decrease) in the Fair Value of Investments | 2,678 | --- | 254 | 122 | 3,054 | 1,051 |
| Interest | 1,347 | 6,765 | 3,709 | 549 | 12,370 | 13,984 |
| Penalties and Unclaimed Properties | --- | --- | --- | 31,892 | 31,892 | 2 |
| Disposal of Capital Assets | 38 | --- | --- | (36) | 2 | (30) |
| Miscellaneous Revenues | 9,279 | --- | --- | --- | 9,279 | --- |
| Total Non-Operating Revenues (Expenses) | 13,342 | 23,573 | 4,401 | 67,767 | 109,083 | 13,782 |
| Income (Loss) Before Transfers | 269,199 | 130,303 | 7,583 | 38,500 | 445,585 | (14,278) |
| Capital Contributions | --- | --- | --- | --- | --- | 268 |
| Transfers In (Note 16) | 52 | --- | --- | 1,261 | 1,313 | 5,224 |
| Transfers Out (Note 16) | (266,166) | --- | --- | (30) | (266,196) | (509) |
| Change in Net Assets | 3,085 | 130,303 | 7,583 | 39,731 | 180,702 | (9,295) |
| Total Net Assets - Beginning (Note 17) | 8,183 | 214,718 | (33,900) | 48,688 | 237,689 | 657,774 |
| Total Net Assets - Ending | $ 11,268 | $ 345,021 | $ (26,317) | $ 88,419 | $ 418,391 | $ 648,479 |
| Total Net Change in Net Assets Reported Above | | | | | $ 180,702 | |
| Consolidation Adjustment of Internal Services Activities Related to Enterprise Funds | | | | | 34 | |
| Change in Net Assets of Business-Type Activities | | | | | $ 180,736 | |

The notes to the financial statements are an integral part of this statement.

# STATE OF MISSOURI
# STATEMENT OF CASH FLOWS
# PROPRIETARY FUNDS
# For the Fiscal Year Ended June 30, 2008
# (In Thousands of Dollars)

| | Business-Type Activities - Enterprise Funds | | | | | |
|---|---|---|---|---|---|---|
| | Major Funds | | | | Totals | |
| | State Lottery | Unemployment Compensation | Petroleum Storage Tank Insurance | Non-Major Funds | June 30, 2008 | Governmental Activities - Internal Service Funds |
| **Cash Flows from Operating Activities:** | | | | | | |
| Receipts from Internal Customers and Users | $ --- | $ 4,208 | $ --- | $ 573 | $ 4,781 | $ 579,509 |
| Receipts from External Customers and Users | 990,566 | 590,310 | 24,863 | 42,904 | 1,648,643 | 238,687 |
| Payments to Suppliers | (79,985) | --- | (4,035) | (13,817) | (97,837) | (216,471) |
| Payments to Employees | (9,783) | --- | (1,025) | (56,597) | (67,405) | (65,589) |
| Payments Made for Program Expense | (639,976) | (495,809) | (15,647) | (342) | (1,151,774) | (583,121) |
| Other Receipts (Payments) | (7,849) | --- | (10) | 448 | (7,411) | 40,341 |
| Net Cash Provided (Used) by Operating Activities | 252,973 | 98,709 | 4,146 | (26,831) | 328,997 | (6,644) |
| **Cash Flows from Non-Capital Financing Activities:** | | | | | | |
| Loans Made to Outside Entities | --- | --- | --- | (61) | (61) | --- |
| Due to/from Other Funds | 1,107 | --- | (9) | (99) | 999 | (11,138) |
| Contributions and Intergovernmental | --- | 16,808 | 438 | 35,207 | 52,453 | 23 |
| Transfers to/from Other Funds | (266,114) | --- | --- | 1,231 | (264,883) | 4,715 |
| Other Receipts (Expenses) | 9,279 | --- | --- | --- | 9,279 | --- |
| Net Cash Provided (Used) by Non-Capital Financing Activities | (255,728) | 16,808 | 429 | 36,278 | (202,213) | (6,400) |
| **Cash Flows from Capital and Related Financing Activities:** | | | | | | |
| Interest Expense | --- | --- | --- | --- | --- | (1,248) |
| Purchases and Construction of Capital Assets | (720) | --- | (17) | (3,771) | (4,508) | (80,136) |
| Bonds and Notes Payable | --- | --- | --- | --- | --- | (158) |
| Capital Lease Downpayment/Obligations | --- | --- | --- | --- | --- | (1,907) |
| Disposal of Capital Assets | 38 | --- | --- | --- | 38 | --- |
| Net Cash Provided (Used) by Capital and Related Financing Activities | (682) | --- | (17) | (3,771) | (4,470) | (83,449) |
| **Cash Flows from Investing Activities:** | | | | | | |
| Proceeds from Investment Maturities | 1,752 | --- | --- | --- | 1,752 | 931,535 |
| Purchase of Investments | --- | --- | (16,336) | (36,819) | (53,155) | (898,570) |
| Interest and Dividends Received | 1,430 | 6,765 | 3,985 | 580 | 12,760 | 14,333 |
| Other Receipts | --- | --- | --- | 31,892 | 31,892 | 2 |
| Net Cash Provided (Used) by Investing Activities | 3,182 | 6,765 | (12,351) | (4,347) | (6,751) | 47,300 |
| Net Increase (Decrease) in Cash | (255) | 122,282 | (7,793) | 1,329 | 115,563 | (49,193) |
| Cash and Cash Equivalents, Beginning of Year | 20,314 | 91,012 | 14,799 | 2,610 | 128,735 | 226,947 |
| Cash and Cash Equivalents, End of Year | $ 20,059 | $ 213,294 | $ 7,006 | $ 3,939 | $ 244,298 | $ 177,754 |
| **Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:** | | | | | | |
| Operating Income (Loss) | $ 255,857 | $ 106,730 | $ 3,182 | $ (29,267) | $ 336,502 | $ (28,060) |
| Depreciation Expense | 764 | --- | 6 | 2,902 | 3,672 | 12,189 |
| Changes in Assets and Liabilities: | | | | | | |
| Accounts Receivable | (4,927) | (10,530) | 175 | 76 | (15,206) | (3,301) |
| Inventories | --- | --- | --- | (415) | (415) | (7,250) |
| Prepaid Items | (41) | --- | --- | --- | (41) | 37 |
| Accounts Payable | 155 | 2,509 | 29 | (98) | 2,595 | 11,029 |
| Accrued Payroll | (7) | --- | 46 | 4 | 43 | 93 |
| Unearned Revenue | --- | --- | (5) | 20 | 15 | (1,991) |
| Grand Prize Winner Liability | 1,148 | --- | --- | --- | 1,148 | --- |
| Claims Liability | --- | --- | 677 | --- | 677 | 10,298 |
| Compensated Absences | 24 | --- | 36 | (53) | 7 | 312 |
| **Net Cash Provided (Used) by Operating Activities** | $ 252,973 | $ 98,709 | $ 4,146 | $ (26,831) | $ 328,997 | $ (6,644) |
| **Non-Cash Financing and Investing Activities:** | | | | | | |
| Capital Lease Issuance | $ --- | $ --- | $ --- | $ --- | $ --- | $ 19,638 |
| Capital Asset Donations | 52 | --- | --- | 49 | 101 | 276 |
| Increase (Decrease) in Fair Value of Investments | 3,032 | --- | 184 | 110 | 3,326 | 1,046 |
| Net Non-Cash Financing and Investing Activities | $ 3,084 | $ --- | $ 184 | $ 159 | $ 3,427 | $ 20,960 |

The notes to the financial statements are an integral part of this statement.

*The **Fiduciary Funds** account for assets held in a trustee or agency capacity for others and therefore cannot be used to support the government's own programs.*

Individual fund financial statements for pension (and other employee benefit) trust funds, private-purpose trust funds, and agency funds are presented as part of Supplementary Information.

STATE OF MISSOURI
STATEMENT OF FIDUCIARY NET ASSETS
June 30, 2008
(In Thousands of Dollars)

| | Pension (and Other Employee Benefit) Trust Funds | Private-Purpose Trust Funds | Agency Funds |
|---|---|---|---|
| **ASSETS** | | | |
| Cash and Cash Equivalents (Note 3) | $ 737,887 | $ 1,037 | $ 47,961 |
| Investments at Fair Value: (Note 3) | | | |
| U.S. Government Securities | 1,113,395 | 10,514 | 1,425 |
| Repurchase Agreements | --- | 1,282 | 379,314 |
| Stocks | 1,415,389 | --- | 88 |
| Bonds | 340,460 | --- | --- |
| International Equities | 1,110,134 | --- | --- |
| Mutual and Index Funds | 1,408,892 | --- | --- |
| Venture Capital Limited Partnership | 3,933,036 | --- | --- |
| Other Investments | 1,129,561 | 902 | 1,308 |
| Receivables: | | | |
| Accounts Receivable | 148,694 | --- | 200,148 |
| Interest Receivable | 4,209 | 30 | 685 |
| Inventories | --- | 1 | --- |
| Invested Securities Lending Collateral (Note 3) | 1,051,827 | --- | --- |
| Prepaid Expenses | 92 | --- | --- |
| Capital Assets: | | | |
| Land | 351 | --- | --- |
| Buildings | 4,055 | --- | --- |
| Equipment | 2,923 | 51 | --- |
| Accumulated Depreciation | (2,424) | (26) | --- |
| Total Capital Assets, Net | 4,905 | 25 | --- |
| Total Assets | 12,398,481 | 13,791 | $ 630,929 |
| **LIABILITIES** | | | |
| Accounts Payable | 161,342 | 897 | $ 31 |
| Accrued Payroll | --- | 21 | --- |
| Securities Lending Collateral (Note 3) | 1,067,994 | --- | --- |
| Due to Other Entities | --- | --- | 597,609 |
| Due to Individuals | --- | --- | 33,289 |
| Unearned Revenue | 2,996 | --- | --- |
| Claims Liability | 10,451 | --- | --- |
| Obligations under Lease Purchase | 1 | --- | --- |
| Compensated Absences | 386 | --- | --- |
| Total Liabilities | 1,243,170 | 918 | $ 630,929 |
| Net Assets Held in Trust for Benefits and Other Purposes | $ 11,155,311 | $ 12,873 | |

The notes to the financial statements are an integral part of this statement.

**STATE OF MISSOURI**
**STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS**
**For the Fiscal Year Ended June 30, 2008**
**(In Thousands of Dollars)**

| | Pension (and Other Employee Benefit) Trust Funds | Private-Purpose Trust Funds |
|---|---|---|
| **Additions:** | | |
| Contributions: | | |
| Employer | $ 492,889 | $ --- |
| Plan Member | 135,714 | --- |
| Other | 48,761 | --- |
| Investment Earnings: | | |
| Increase (Decrease) in Appreciation of Assets | (153,066) | 45 |
| Interest and Dividends | 375,034 | 189 |
| Securities Lending Income | 54,094 | --- |
| Total Investment Earnings | 276,062 | 234 |
| Less Investment Expenses: | | |
| Investment Activity Expense | (104,771) | --- |
| Securities Lending Expense | (45,239) | --- |
| Total Investment Expense | (150,010) | --- |
| Net Investment Earnings | 126,052 | 234 |
| Unclaimed Property | --- | 29,261 |
| Cost Reimbursement/Miscellaneous | 610 | 11,179 |
| Total Additions | 804,026 | 40,674 |
| **Deductions:** | | |
| Benefits | 813,791 | --- |
| Administrative Expenses | 17,859 | 2,696 |
| Program Distributions | 116,143 | 42,491 |
| Service Transfer Payments | 251 | --- |
| Depreciation | 294 | 9 |
| Total Deductions | 948,338 | 45,196 |
| Change in Net Assets | (144,312) | (4,522) |
| Net Assets held in Trust - Beginning of Year (Note 17) | 11,299,623 | 17,395 |
| Net Assets held in Trust - End of Year | $ 11,155,311 | $ 12,873 |

The notes to the financial statements are an integral part of this statement.

*The **Component Units** account for all transactions relating to legally separate entities which, for reporting purposes, are a part of the State.*

## *Component Unit Financial Statements*

## Major

**College and Universities**

## Non-Major

Non-Major proprietary component unit statements are found in the combining fund financial statements as part of Supplementary Information.

STATE OF MISSOURI
STATEMENT OF NET ASSETS
COMPONENT UNITS
June 30, 2008
(In Thousands of Dollars)

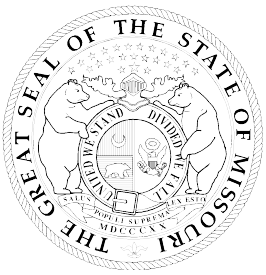
| | College and Universities | Non-Major | Totals June 30, 2008 |
|---|---|---|---|
| **ASSETS** | | | |
| Current Assets: | | | |
| Cash and Cash Equivalents (Note 3) | $ 80,014 | $ 20,994 | $ 101,008 |
| Investments (Note 3) | 312,290 | 26,416 | 338,706 |
| Receivables, Net | 380,674 | 10,489 | 391,163 |
| Invested Securities Lending Collateral (Note 3) | 106,360 | --- | 106,360 |
| Inventories | 46,799 | --- | 46,799 |
| Restricted Assets: | | | |
| Cash and Cash Equivalents (Note 3) | 287,644 | --- | 287,644 |
| Investments (Note 3) | 102,437 | --- | 102,437 |
| Receivables, Net | 7,017 | --- | 7,017 |
| Deposits and Prepaid Expenses | 21,813 | 150 | 21,963 |
| Deferred Costs and Other Assets | 428 | --- | 428 |
| Non-Current Assets: | | | |
| Investments (Note 3) | 872,568 | --- | 872,568 |
| Receivables, Net | 95,126 | 12,970 | 108,096 |
| Advance to Primary Government (Note 15) | --- | 6,167 | 6,167 |
| Restricted Assets: | | | |
| Cash and Cash Equivalents (Note 3) | 20,693 | 16,958 | 37,651 |
| Investments (Note 3) | 930,756 | 73,316 | 1,004,072 |
| Receivables, Net | 2,179 | --- | 2,179 |
| Deposits and Prepaid Expenses | 4,993 | --- | 4,993 |
| Deferred Costs and Other Assets | 16,799 | --- | 16,799 |
| Capital Assets, Net of Accumulated Depreciation (Note 5) | 3,616,391 | 52,172 | 3,668,563 |
| Total Assets | 6,904,981 | 219,632 | 7,124,613 |
| **LIABILITIES** | | | |
| Current Liabilities: | | | |
| Accounts Payable and Accrued Liabilities | 402,772 | 594 | 403,366 |
| Due to Primary Government (Note 15) | --- | 983 | 983 |
| Securities Lending Collateral (Note 3) | 106,360 | --- | 106,360 |
| Unearned Revenue (Note 1) | 91,447 | --- | 91,447 |
| Deposits | 71,916 | --- | 71,916 |
| Claims Liability (Note 21) | 33,554 | --- | 33,554 |
| Compensated Absences | 17,539 | --- | 17,539 |
| Capital Lease Obligations (Note 6) | 1,579 | --- | 1,579 |
| Bonds and Notes Payable (Note 12) | 41,420 | 240 | 41,660 |
| Non-Current Liabilities: | | | |
| Accounts Payable and Accrued Liabilities | 21,165 | --- | 21,165 |
| Advance from Primary Government (Note 15) | --- | 3,851 | 3,851 |
| Unearned Revenue (Note 1) | 1,876 | --- | 1,876 |
| Deposits and Reserves | 264 | 21,204 | 21,468 |
| Claims Liability (Note 21) | 34,735 | --- | 34,735 |
| Compensated Absences | 8,547 | --- | 8,547 |
| Other Postemployment Obligations, Net | 1,807 | --- | 1,807 |
| Capital Lease Obligations (Note 6) | 18,883 | --- | 18,883 |
| Bonds and Notes Payable (Note 12) | 1,359,890 | 31,610 | 1,391,500 |
| Total Liabilities | 2,213,754 | 58,482 | 2,272,236 |
| **NET ASSETS** | | | |
| Invested in Capital Assets, Net | 2,381,125 | 20,322 | 2,401,447 |
| Restricted for: | | | |
| Expendable | 426,003 | --- | 426,003 |
| Non-Expendable | 747,020 | --- | 747,020 |
| Other Purposes | --- | 86,342 | 86,342 |
| Unrestricted | 1,137,079 | 54,486 | 1,191,565 |
| Total Net Assets | $ 4,691,227 | $ 161,150 | $ 4,852,377 |

The notes to the financial statements are an integral part of this statement.

# STATE OF MISSOURI
## STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS/STATEMENT OF ACTIVITIES
## COMPONENT UNITS
## For the Fiscal Year Ended June 30, 2008
## (In Thousands of Dollars)

| | College and Universities | Non-Major | Totals June 30, 2008 | Adjustments | Statement of Activities |
|---|---|---|---|---|---|
| **Revenues:** | | | | | |
| Operating Revenues: | | | | | |
| Licenses, Fees, and Permits | $ --- | $ 3,237 | $ 3,237 | $ --- | $ 3,237 |
| Student Tuition and Fees (Net of Scholarship Allow.) | 699,883 | --- | 699,883 | --- | 699,883 |
| Sales and Services of Educational Departments | 39,597 | --- | 39,597 | --- | 39,597 |
| Auxiliary Enterprises | 1,115,769 | --- | 1,115,769 | --- | 1,115,769 |
| Leases and Rentals | --- | 3,724 | 3,724 | --- | 3,724 |
| Cost Reimbursement/Miscellaneous | 79,865 | 1,123 | 80,988 | 55 | 81,043 |
| Total Charges for Services | | | | | 1,943,253 |
| Federal Appropriations, Grants, and Contracts | 302,403 | --- | 302,403 | 29,248 | 331,651 |
| State Grants and Contracts | 77,959 | --- | 77,959 | 804,168 | 882,127 |
| Private Gifts, Grants, and Contracts | 78,567 | --- | 78,567 | 69,067 | 147,634 |
| Additions to Endowments | --- | --- | --- | 36,314 | 36,314 |
| Total Operating Grants and Contributions | | | | | 1,397,726 |
| Interest Revenue | 1,584 | 1,381 | 2,965 | (2,965) | --- |
| Total Operating Revenues | 2,395,627 | 9,465 | 2,405,092 | 935,887 | |
| **Expenses:** | | | | | |
| Operating Expenses: | | | | | |
| Personal Service | 2,028,371 | 972 | 2,029,343 | --- | 2,029,343 |
| Operations | --- | 2,001 | 2,001 | --- | 2,001 |
| Specific Programs | --- | 1,688 | 1,688 | --- | 1,688 |
| Scholarships and Fellowships | 91,714 | --- | 91,714 | --- | 91,714 |
| Utilities | 28,644 | --- | 28,644 | --- | 28,644 |
| Supplies and Other Services | 837,047 | --- | 837,047 | --- | 837,047 |
| Contracted Services | 21,904 | --- | 21,904 | --- | 21,904 |
| Interest Expense | --- | --- | --- | 57,544 | 57,544 |
| Depreciation and Amortization | 192,913 | 1,492 | 194,405 | --- | 194,405 |
| Bad Debt Expense | --- | 106 | 106 | --- | 106 |
| Miscellaneous | 29,051 | 26 | 29,077 | 12,455 | 41,532 |
| Total Operating Expenses | 3,229,644 | 6,285 | 3,235,929 | 69,999 | 3,305,928 |
| Operating Income (Loss) | (834,017) | 3,180 | (830,837) | 865,888 | |
| **Non-Operating Revenues (Expenses):** | | | | | |
| Federal Appropriations, Grants, and Contracts | 29,248 | --- | 29,248 | (29,248) | --- |
| State Appropriations, Grants, and Contracts | 804,168 | --- | 804,168 | (804,168) | --- |
| Private Gifts, Grants, and Contracts | 69,067 | --- | 69,067 | (69,067) | --- |
| Contributions and Intergovernmental | --- | (10,712) | (10,712) | 10,712 | --- |
| Investment Earnings: | | | | | |
| Increase in the Fair Value of Investments | --- | 1,126 | 1,126 | --- | 1,126 |
| Interest/Investment and Endowment Income | 56,093 | 4,342 | 60,435 | 2,965 | 63,400 |
| Interest and Bond Related Expenses | (56,223) | (1,321) | (57,544) | 57,544 | --- |
| Gain (Loss) on Sale of Capital Assets | (340) | --- | (340) | 340 | --- |
| Miscellaneous Revenues | 55 | --- | 55 | (55) | --- |
| Miscellaneous Expenses | (1,346) | (57) | (1,403) | 1,403 | --- |
| Total General Revenues | | | | | 64,526 |
| Total Non-Operating Revenues (Expenses) | 900,722 | (6,622) | 894,100 | (829,574) | |
| Income Before Other Revenues (Expenses) Or Gains (Losses) | 66,705 | (3,442) | 63,263 | 36,314 | |
| State Capital Appropriations | 86,474 | --- | 86,474 | --- | 86,474 |
| Total Capital Grants and Contributions | | | | | 86,474 |
| Additions to Endowments | 36,314 | --- | 36,314 | (36,314) | --- |
| Extraordinary Items | 293 | --- | 293 | --- | 293 |
| Change in Net Assets | 189,786 | (3,442) | 186,344 | --- | 186,344 |
| Net Assets - Beginning of Year (Note 17) | 4,501,441 | 164,592 | 4,666,033 | --- | 4,666,033 |
| Net Assets - End of Year | $ 4,691,227 | $ 161,150 | $ 4,852,377 | $ --- | $ 4,852,377 |

The notes to the financial statements are an integral part of this statement.




*The **Notes to the Financial Statements** provide a summary of significant accounting policies and other disclosures required for a fair presentation of the basic financial statements.*

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## Note 1 - Significant Accounting Policies

### A. Financial Statements and Reporting Entity

The accompanying financial statements of the State of Missouri (primary government) and its component units have been prepared in conformity with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB). The State has elected not to follow the Financial Accounting Standards Board's pronouncements issued after November 30, 1989 for proprietary activities.

The financial statements include the departments, agencies, boards, commissions, and other organizational units over which the State has financial accountability. GASB set forth the following criteria in Statement No. 14 - *The Financial Reporting Entity* for determining financial accountability: appointment of a voting majority of an organization's governing body and either: 1) the ability to impose the State's will on the organization; or 2) the organization's ability to provide specific benefits to, or impose specific burdens on, the primary government. Where the State does not appoint a voting majority of the governing body, the entity would still be included if it is fiscally dependent on the State. Statement No. 39 - *Determining Whether Certain Entities are Component Units* added a requirement to include all entities whose relationship with the State would make it misleading to exclude it.

In addition to the legislative, executive and judicial branches, the following organizations are included in these financial statements:

Component Units (Blended):

Blended component units are legally separate entities from the State, but are so intertwined with the State that they are, for all practical purposes, the same as the State. They are reported as part of the primary government and blended into the appropriate funds. The following component units are blended because they provide services entirely or almost entirely to the primary government:

Board of Fund Commissioners - The Board was created by state law and is comprised of the Governor, Lieutenant Governor, Attorney General, State Auditor, State Treasurer, and the Commissioner of Administration. The Board's purpose is to issue, redeem, and cancel state general obligation bonds and perform other administrative activities related to state general obligation debt as assigned by law. Separate financial statements are not required or issued for the Board.

Board of Private Investigator Examiners - The Board was created by state law and is charged with the licensure and regulation of the practice of private investigators in Missouri. The five member board shall consist of three private investigators and two public members, appointed by the Governor. Separate financial statements are not required for the Board.

Board of Unemployment Fund Financing - The Board was created by state law to provide a method of providing funds for the payment of unemployment benefits and maintaining an adequate fund balance in the Unemployment Compensation Fund. The Board is comprised of the Governor, Lieutenant Governor, Attorney General, the Director of the Department of Labor and Industrial Relations, and the Commissioner of Administration. Separate financial statements are not required for the Board.

Note 1 - Significant Accounting Policies (cont.)

Coordinating Board for Early Childhood - The Board was created by state law within the Missouri Children's Services Commission and is composed of representatives from the Governor's office; the following departments: Health and Senior Services, Mental Health, Social Services, and Elementary and Secondary Education; the judiciary; the Family and Community Trust Board; the Head Start Program; and nine members appointed by the Governor. The Board's purpose is to develop a comprehensive statewide long-range strategic plan for a cohesive early childhood system, and to work with public and private entities for the purpose of promoting and improving the development of Missouri's children from birth through age five. Separate financial statements are not required for the Board.

Missouri Dental Board - The Board was created by state law to protect and serve the public's interests in dentistry and to preserve the integrity of the dental profession. The Board adopts, publishes, and enforces rules and regulations which regulate and define the acts and areas of practice which may be performed by dentists and dental hygienists. The seven member board consists of five dentists, one dental hygienist, and one public member, all of whom are appointed by the Governor. Separate financial statements are not required for the Board.

Missouri Investment Trust-Board of Trustees - The Board is responsible for establishing investment policies, strategies, and goals for the Missouri Investment Trust, and has the fiduciary duty to manage the policy and investment decisions necessary for the success of the Missouri Investment Trust. The seven member board of trustees consists of the State Treasurer, the Commissioner of Administration, one member appointed by the speaker of the House of Representatives, one member appointed by the president pro-tem of the Senate, and three members selected by the Governor. Separate financial statements are not required for the Board.

Missouri Propane Gas Commission - The Commission is responsible for developing comprehensive plans and programs for the prevention, control, and abatement of propane-related accidents in Missouri. The Commission is authorized to regulate the inspection of and provide specifications for propane. The nine member commission is appointed by the Governor with members from various propane-related industries, the Departments of Agriculture and Natural Resources, and one public member.

Missouri State Penitentiary Redevelopment Commission - The Commission was established to coordinate the planning and redevelopment of the old Jefferson City Correctional Center. The ten member commission consists of three members appointed by the Jefferson City mayor, three members appointed by the Cole County Commission, and four members appointed by the Governor. Separate financial statements are not required for the Commission.

Missouri Wine and Grape Board - The Board was created by state law to further growth and development of the grape growing industry in Missouri and foster the expansion of the grape market for Missouri grapes. The eleven member board consists of seven members representing the grape and wine industry, food service industry, or media marketing industry. The four other members include the director of the Department of Agriculture, and the presidents of the Missouri Grape Growers Association, the Missouri Vintners Association, and the Missouri Wine Marketing and Research Council. Copies of the Board's annual report may be requested from:

Missouri Wine and Grape Board
P.O. Box 630
1616 Missouri Boulevard
Jefferson City, Missouri 65102

Note 1 - Significant Accounting Policies (cont.)

Capital Projects Funds:

Fulton 54 Transportation Corporation; Missouri Highway 179 Transportation Corporation; Missouri Highway 63 Transportation Corporation; Springfield, Missouri State Highway Improvement Corporation; and Wentzville Parkway Transportation Corporation - these are reported as a part of the Missouri Road Fund. These transportation corporations are not-for-profit corporations organized under the Missouri Transportation Corporation Act. The corporations were formed to facilitate the construction of highway projects. When the purpose for which each corporation was formed has been complied with and all obligations of the corporation have been paid, the Board of the corporation shall, with the approval of the Missouri Highways and Transportation Commission, dissolve the corporation. Additional information may be requested from:

Missouri Department of Transportation
Resource Management
P.O. Box 270
Jefferson City, Missouri 65102

Internal Service Funds:

Board of Public Buildings - This is reported with the State Facility Maintenance and Operation Fund. The Board was created by state law and its governing body is made up of the Governor, the Lieutenant Governor, and the Attorney General. Its purpose is to provide state buildings by issuing revenue bonds and to supervise the operations of these facilities. All construction contracts must be approved by the Division of Facilities Management, Design and Construction and its projects must be approved by the General Assembly. The Board can require state agencies to occupy its projects. The General Assembly appropriates to the Board, on behalf of the state agencies, amounts sufficient to pay the principal and interest on the bonds, maintain certain required reserves, and pay the costs of operations. Copies of the Board of Public Buildings' financial statements may be requested from:

Office of Administration
Division of Accounting
P.O. Box 809
Jefferson City, Missouri 65102

Conservation Employees' Insurance Plan - The Plan provides health and life insurance coverage to eligible employees and retirees of the Missouri Department of Conservation. The Plan is administered by a five member board of trustees made up of two members of the Plan appointed by the Commissioners of the Department, the Chief Financial Officer, the Human Resources Division Chief, and the Internal Auditor. Copies of the Plan's financial statements may be requested from:

Missouri Department of Conservation
P.O. Box 180
Jefferson City, Missouri 65102

Note 1 - Significant Accounting Policies (cont.)

Transportation Self-Insurance Plan - The Plan provides fleet vehicle liability, workers' compensation, and general liability insurance. The Plan is administered by the Risk Management Division of the Missouri Department of Transportation. Additional information may be requested from:

Missouri Department of Transportation
Controller's Division
P.O. Box 270
Jefferson City, Missouri 65102

Missouri Consolidated Health Care Plan (MCHCP) - The Plan was created by state law to provide medical benefits to its members and is administered by a board of trustees. The Board consists of two members of the Senate, two members of the House, six members appointed by the Governor; the Director of the Department of Health and Senior Services; the Director of the Department of Insurance, Financial Institutions and Professional Registration; and the Commissioner of Administration. The management of MCHCP is the responsibility of the Executive Director who is appointed by the Board. Copies of the Plan's financial statements may be requested from:

Missouri Consolidated Health Care Plan
P.O. Box 104355
832 Weathered Rock Court
Jefferson City, Missouri 65110-4355

MoDOT and MSHP Medical and Life Insurance Plan - The Plan provides health and life insurance coverage to eligible employees, retirees, and their dependents of the Missouri Department of Transportation (MoDOT) and the Missouri State Highway Patrol (MSHP). The Plan is administered by a board of trustees consisting of four active MoDOT employees and one retired MoDOT employee appointed by the Director of MoDOT, two active MSHP employees, and one retired MSHP employee appointed by the Superintendent of MSHP. Additional information may be requested from:

Missouri Department of Transportation
Controller's Division
P.O. Box 270
Jefferson City, Missouri 65102

Pension (and other employee benefit) trust funds:

Missouri State Employees' Retirement System (MOSERS) - The System was created by state law and provides retirement, survivor, disability, and life insurance to its members and is administered by a board of trustees. The Board consists of two members of the Senate, two members of the House, two members appointed by the Governor, three members elected by the System's members, the State Treasurer, and the Commissioner of Administration. The management of MOSERS is the responsibility of the Executive Director who is appointed by the Board. Copies of the System's financial statements may be requested from:

Missouri State Employees' Retirement System
P.O. Box 209
907 Wildwood
Jefferson City, Missouri 65102-0209

Note 1 - Significant Accounting Policies (cont.)

Missouri Department of Transportation and Highway Patrol Employees' Retirement System - The System provides retirement, death, and disability benefits to qualified employees of the Missouri Highways and Transportation Commission (includes employees of the Department of Transportation), and both uniformed and non-uniformed members of the State Highway Patrol. The System is administered by a board of trustees consisting of three members of the Missouri Highways and Transportation Commission, the Director of the Missouri Department of Transportation, the Superintendent of the State Highway Patrol, one member of the Senate, one member of the House, one member elected by MoDOT employees, one member elected by Highway Patrol employees, one retired member elected by retired MoDOT employees, and one retired member elected by retired State Highway Patrol employees. Copies of the System's financial statements may be requested from:

Missouri Department of Transportation and
Highway Patrol Employees' Retirement System
P.O. Box 1930
Jefferson City, Missouri 65102-1930

Missouri Consolidated Health Care Plan (MCHCP) State Retiree Welfare Benefit Trust - The Trust was established on June 27, 2008, to provide health and welfare benefits for the exclusive benefit of current and future retired employees of the State and their dependents who meet eligibility requirements except those covered by other State sponsored post-employment benefit plans. The Trust is administered by the MCHCP board of trustees, which also administers the benefits for the active participants of the Plan. The net assets and activity related to active participants are reported in an internal service fund. Copies of the Plan's financial statements may be requested from:

Missouri Consolidated Health Care Plan
P.O. Box 104355
832 Weathered Rock Road
Jefferson City, Missouri 65110-4355

Missouri State Public Employees' Deferred Compensation Plan - The Missouri State Public Employees' Deferred Compensation Plan was administered by CitiStreet through June 30, 2008. Starting July 1, 2008, the Plan is administered by ING which purchased CitiStreet as of that date. Oversight of the Plan is provided by the MOSERS board of trustees. Under this Plan, employees are permitted to defer a portion of their current salary until future years. In addition, eligible employees have the opportunity to participate in the Missouri State Employees' Deferred Compensation Incentive Plan. Under this Plan, the State contributes $25 per month on behalf of any employee who contributes at least that amount to the Missouri State Public Employees' Deferred Compensation Plan and who has been an employee of the State for at least one year. Copies of financial statements for both Plans may be requested from:

ING
One Heritage Drive
Quincy, Massachusetts 02171

Note 1 - Significant Accounting Policies (cont.)

Component Units (Discretely Presented):

Discretely presented component units are legally separate entities for which the State is financially accountable. The financial data for these entities is reported separately from the financial data of the primary government.

Major

College and Universities - The Coordinating Board for Higher Education has certain responsibilities for these institutions and they receive State support. Following are the public college and universities included in the financial statements:

**Harris-Stowe State University**
3026 Laclede Avenue
St. Louis, Missouri 63103

**Lincoln University**
207 Young Hall
Jefferson City, Missouri 65101

**Linn State Technical College**
1 Technology Drive
Linn, Missouri 65051

**Missouri Southern State University**
3950 East Newman Road
Joplin, Missouri 64801-1595

**Missouri State University**
901 South National, Room 119
Springfield, Missouri 65897

**Missouri Western State University**
4525 Downs Drive
St. Joseph, Missouri 64507

**Northwest Missouri State University**
105 Administration Building
800 University Drive
Maryville, Missouri 64468-6001

**Southeast Missouri State University**
One University Plaza, Mail Stop 3000
Cape Girardeau, Missouri 63701

**Truman State University**
100 East Normal
McClain Hall, Room 105
Kirksville, Missouri 63501

**University of Central Missouri**
316 Administration Building
Warrensburg, Missouri 64093

**University of Missouri System**
118 University Hall
Columbia, Missouri 65211

Non-Major

Missouri Development Finance Board - The Board was created by state law as an independent, self-supporting, body corporate and politic to promote economic development of the State and was created within the Department of Economic Development. The Board is empowered to issue taxable and tax-exempt industrial revenue bonds or notes; provide loans or loan guarantees to eligible businesses; provide loans and grants to political subdivisions to fund public infrastructure improvements; and issue tax credits against certain state income taxes in exchange for contributions made to the Board. The twelve member board is made up of the Lieutenant Governor and the Directors of the Department of Economic Development, the Department of Natural Resources, and the Department of Agriculture, who serve as ex-officio voting members, and eight members appointed by the Governor and confirmed by the Senate. Copies of the Board's financial statements may be requested from:

Missouri Development Finance Board
Governor Office Building
200 Madison Street, Suite 1000
Jefferson City, Missouri 65101

Note 1 - Significant Accounting Policies (cont.)

Missouri Agricultural and Small Business Development Authority - The Authority was created by state law and is authorized to issue bonds to finance agricultural and small business development loans for property acquisitions/renovations and pollution control facilities throughout the State. If for any reason, the Authority ceases to exist, all rights and properties of the Authority will pass to the State. Its governing body consists of seven members appointed by the Governor with the advice and consent of the Senate. Copies of the Authority's financial statements may be requested from:

Missouri Agricultural and Small
Business Development Authority
P.O. Box 630
1616 Missouri Boulevard
Jefferson City, Missouri 65102

Missouri Transportation Finance Corporation - The Corporation is a not-for-profit corporation organized under the Missouri Nonprofit Corporation Law. The Corporation is financed by federal highway and transit dollars, plus state and local matching funds. It is authorized to issue revenue bonds. The Corporation provides loans to assist public and private entities fund highway and transportation projects throughout the State. The Missouri Highways and Transportation Commission determines which applicants are extended loans from the Missouri Transportation Finance Corporation. Copies of the Corporation's financial statements may be requested from:

Missouri Department of Transportation
Highway Building, 2nd Floor
105 West Capitol Avenue
Jefferson City, Missouri 65101

Related Organizations

Related organizations are excluded from the financial reporting entity because the State's accountability does not extend beyond appointing a voting majority of the organization's board members. Related organizations of the State of Missouri include:

Missouri Health and Educational Facilities Authority - finances health and educational facilities.

Missouri Higher Education Loan Authority - provides a secondary market for loans made under the Federal Family Education Loan Program.

Missouri Housing Development Commission - makes, purchases, and insures mortgage loans which are used to develop new or rehabilitate low and moderate income housing.

Missouri Technology Corporation - promotes the modernization of businesses through the development of science and technology applications.

Missouri Public Entity Risk Management Fund - provides liability protection to participating public entities, their officials, and employees.

Public School Retirement System - provides retirement benefits to employees of public school districts except those in St. Louis and Kansas City.

Note 1 - Significant Accounting Policies (cont.)

State Environmental Improvement and Energy Resources Authority - finances, acquires, constructs, and equips projects to reduce, prevent, and control pollution and develop the energy resources of the State.

Jackson County Sports Complex Authority - responsible for construction, operation, and financing of the Jackson County Sports Complex.

Kansas City Regional Sports Complex Authority - responsible for the study and review of all current major sports leagues, clubs, or franchises in Kansas City.

St. Charles County Convention and Sports Facility Authority - responsible for planning, constructing, and managing convention and sports facilities in the St. Charles area.

Missouri Cotton Growers Organization - organized for boll weevil eradication.

KCT Intermodal Transportation Corporation - organized to pay for a railroad bridge in the Blue Valley Industrial District in Kansas City.

Lake of the Ozarks Community Bridge Corporation - organized to pay for the acquisition and construction of a toll bridge across the Lake of the Ozarks.

Westside Intermodal Transportation Corporation - organized to pay for rail additions and improvements of the Kansas City Terminal Railway.

Universal Service Board - organized to ensure just, reasonable, and affordable rates for comparable essential local telecommunication services throughout the State.

Interstate Commission for Adult Offender Supervision - responsible for promoting public safety and protecting the rights of victims through the control and regulation of the interstate movement of adults placed under community supervision.

Missouri Access to Higher Education Trust Board - responsible for administering the funds of the Higher Education Trust.

Missouri Health Insurance Pool - organized to provide health care coverage for residents who are unable to obtain individual health coverage.

B. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements:

The government-wide financial statements focus on the government as a whole. The Statement of Net Assets and Statement of Activities report information on all non-fiduciary activities of the primary government and its component units. Primary government activities are distinguished between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Governmental activities include governmental type funds and internal service funds. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services and consist of enterprise funds.

The **Statement of Net Assets** presents the reporting entity's non-fiduciary assets and liabilities, with the difference reported as net assets.

Note 1 - Significant Accounting Policies (cont.)

The **Statement of Activities** demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable within a specific function. Indirect costs, such as depreciation expense, are included in the direct expenses reported for individual functions. Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function; and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not meeting the definition of program revenues are instead reported as general revenues.

The government-wide financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recognized when incurred. Fiduciary funds have been excluded from the government-wide financial statements because, by definition, the resources of these funds cannot be used to support government operations. Generally, interfund transactions have also been eliminated. Some interfund transactions, such as the exchange of services, were not eliminated because doing so would mistakenly understate both expenses of the buyer and revenues of the seller.

The difference between fund assets and liabilities is reported as "Net Assets" on the government-wide, proprietary, and fiduciary fund statements, and "Fund Balance" on the governmental fund financial statements.

Fund Financial Statements:

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though fiduciary funds are excluded from the government-wide statements. For governmental and proprietary fund financial statements, the emphasis is on major individual governmental and enterprise funds, with each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as non-major funds. Internal service funds are also aggregated and reported in a separate column on the proprietary fund financial statements.

The governmental fund financial statements are presented using the current financial resources measurement focus and modified accrual basis of accounting. With the current financial resources measurement focus, only current assets and current liabilities are included on the balance sheet. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to pay current period liabilities. Operating statements of governmental funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in fund balance. Material revenues susceptible to accrual include federal grants and sales and income taxes. Expenditures are recognized when the related fund liability is incurred except for the following:

- Principal and interest on general long-term debt is recorded as an expenditure when due.
- Compensated absences (accumulated vacation and compensatory time) and sick pay are recorded as expenditures when paid.
- Inventories are reported as expenditures when purchased, except for the Missouri Road Fund, which updates inventory perpetually under the consumption method.

Note 1 - Significant Accounting Policies (cont.)

The proprietary, pension (and other employee benefit) trust, and private-purpose trust fund financial statements are presented using the economic resources measurement focus and accrual basis of accounting. With the economic resources measurement focus, assets and liabilities associated with the operation of these funds are included on the Statement of Net Assets. Under the accrual basis of accounting, revenues are recognized in the period earned and expenses are recognized in the period incurred. Proprietary fund-type operating statements present revenues and expenses in total net assets. Operating revenues and expenses in proprietary funds are classified as those activities that make up the primary ongoing operations associated with those funds. Non-operating revenues and expenses in proprietary funds are classified as those activities that are deemed incidental or unusual for those funds.

Agency funds are custodial in nature and do not present results of operations or have a measurement focus. The agency fund financial statements are presented on the accrual basis of accounting.

The discretely presented component unit financial statements are presented using the economic resources measurement focus and accrual basis of accounting with the following exception in regard to college and universities. Revenues and related expenditures in connection with the summer sessions in progress at June 30 are deferred at that date.

The State reports the following major funds categories:

General Fund - accounts for all current financial resources not required by law or administrative action to be accounted for in another fund.

Public Education - provides general and special education needs of the State and other related areas such as library services and student loans.

Conservation and Environmental Protection - provides for the preservation of the State's wildlife and environment.

Transportation and Law Enforcement - provides transportation services, road construction and maintenance, and the enforcement of vehicle laws and traffic safety.

Missouri Road Fund - accounts for revenues from highway users' fees, federal reimbursements for highway projects, and bond proceeds to be used for costs of constructing and maintaining an adequate state highway system.

State Lottery - accounts for proceeds from the sale of lottery tickets and all other moneys credited to this fund. A minimum of 45% of the moneys are used for prizes.

Unemployment Compensation - accounts for contributions, payments, and federal loans collected under the provisions of the "Unemployment Compensation Law" to pay benefits.

Petroleum Storage Tank Insurance - accounts for moneys collected from transport load fees and participating owners of petroleum storage tanks for cleanup of contamination caused by releases from petroleum storage tanks.

Note 1 - Significant Accounting Policies (cont.)

C. Basis of Presentation

The State's financial practices are based upon fund accounting concepts. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and fund balances, and changes therein, that are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations.

The accompanying financial statements are structured into three categories of funds and discretely presented component units:

Primary Government:

Governmental Funds include the General Fund, special revenue funds, debt service funds, capital projects funds, and permanent funds. These funds account for the revenues and expenditures, capital outlay, and certain debt service of the State.

Proprietary Funds include enterprise funds and internal service funds. These funds account for the cost of certain services provided by the State.

Fiduciary Funds include pension (and other employee benefit) trust funds, private-purpose trust funds, and agency funds. These funds account for assets held by the State in a trustee capacity or as an agent for individuals, other governments, and other entities.

Discretely Presented Component Units:

Major

College and Universities account for moneys from federal and state grants, debt proceeds, gifts and contributions, state appropriations, investments, and endowments. Assets and liabilities are accounted for on the Statement of Net Assets. Revenues, expenses, gains, and losses are reported on the Statement of Revenues, Expenses, and Changes in Net Assets.

Non-Major

Non-Major Component Units account for moneys from bond proceeds, loans, contributions, gifts, and grants. Assets and liabilities are accounted for on the Statement of Net Assets. Revenues, expenses, gains, and losses are reported on the Statement of Revenues, Expenses, and Changes in Net Assets.

D. Cash and Cash Equivalents

For reporting purposes, cash and cash equivalents include bank accounts, petty cash, and all investments with an original maturity of three months or less, such as certificates of deposit, money market certificates, and repurchase agreements. Cash and cash equivalents on the Proprietary Fund Statement of Cash Flows are also reported under this definition. Cash balances of most state funds are pooled and invested by the State Treasurer (see *Note 3*).

Note 1 - Significant Accounting Policies (cont.)

E. Investments

These are long-term investments which are expected to be held to maturity and redeemed at face value. The majority of investments are reported in pension (and other employee benefit) trust funds, however, investments are held in all fund types. All investments are reported at fair value (see *Note 3*).

There are multiple funds that have income from investments which are directed to the General Fund. These funds consist of special revenue, enterprise, internal service, private-purpose, and agency funds.

F. Interfund Receivables/Payables

The State makes various transactions between funds or between primary government and component units to distribute interest earnings, finance operations, provide services, service debt, and acquire capital assets. These receivables at June 30 are classified as "due from other funds" or "due from primary government/component units" on the Balance Sheet and Statements of Net Assets. Payables are classified as "due to other funds" or "due to primary government" on the Balance Sheet and Statements of Net Assets (see *Note 15*). These receivables/payables are due within one year. Any receivables/payables that are due to and due from a governmental fund are eliminated on the face of the Governmental Funds Balance Sheet. If any receivables/payables that remain after this elimination are both in the same activity (Business-Type or Governmental), they are eliminated at the Government-Wide Statement of Net Assets. Any remaining interfund receivables/payables is reported as internal balances on the Government-Wide Statement of Net Assets.

G. Advances to/from Other Funds

Long-term interfund receivables are classified as "advances to other funds" or "advances to primary government/component units" on the Balance Sheet and Statements of Net Assets. Long-term interfund payables are classified as "advances from primary government/component units" on the Balance Sheet and Statements of Net Assets (see *Note 15*). These receivables/payables are eliminated if both the receivable/payable are in the same activity (Business-Type or Governmental). Any remaining long-term interfund receivables/payables are reported as internal balances on the Government-Wide Statement of Net Assets.

H. Inventories

Inventories in the governmental funds consist of expendable supplies held for consumption, the cost of which is recorded as an expenditure at the time of purchase, except for the Missouri Road Fund, which updates inventory perpetually under the consumption method. Reserves of fund balance have been established for the inventory balances in governmental funds. Inventories in the proprietary funds consist of both expendable supplies held for consumption and the cost of goods held for resale, the cost of which is recorded as an expense as they are used. Inventories are valued at cost using various methods such as moving average, weighted average, and first-in, first-out.

I. Restricted Assets

These moneys are restricted by donors and applicable bond indentures:

Reserved for Budget Reserve - An account used to meet the cash flow requirements and program funding requirements of the State.

Reserved for Inventories - An account used to segregate a portion of fund balance to indicate that inventories do not represent available, spendable resources.

Note 1 - Significant Accounting Policies (cont.)

Reserved for Forfeited Assets - An account used to segregate a portion of fund balance to pay postclosure costs for landfill owners that have defaulted on their obligation to pay postclosure care costs (see *Note 22*) and mining reclamation costs.

Reserved for Taxes - An account used to segregate a portion of fund balance for taxes received for which payment was made under protest and for bonds filed by license holders for security against default of payment of tax liabilities.

Reserved for Debt Service - An account used to segregate a portion of fund balance for debt service resources legally restricted to the payment of general long-term debt principal and interest amounts maturing in future years.

Reserved for Loans Receivable - An account used to segregate a portion of fund balance to indicate that loans receivable do not represent available, spendable resources.

Reserved for Trust Principal - An account used to segregate a portion of fund balance to indicate the principal amount of permanent funds that is legally restricted for a specific future purpose.

J. Capital Assets

Capital assets, which include construction in progress, infrastructure in progress, land, land improvements, buildings, equipment, and infrastructure assets, are valued at historical cost or estimated historical cost if actual historical cost is not available. The estimate of historical cost was based on current appraised value indexed to the date of acquisition. Donated capital assets are reported at estimated fair value at the time received. Capital assets acquired through lease agreements are capitalized at the inception of the agreement (see *Notes 5 and 6*).

Infrastructure assets (including highways, bridges, streets and sidewalks, drainage systems, lighting systems, and similar items) are capitalized. Interest costs incurred during construction of capital assets are not capitalized.

The capitalization threshold for all capital assets is as follows: land improvements - $15,000, buildings and improvements - $15,000, and equipment - $1,000. No dollar threshold is set for land or infrastructure.

Capital assets are depreciated using the straight-line method of depreciation over the following useful lives: buildings - 40 years, land improvements and building improvements - 20 years, equipment - 5 years, and infrastructure 12 to 50 years. Construction in progress, infrastructure in progress, and land are not depreciated.

Most works of art and historical treasures are not capitalized or depreciated. The State's non-capitalized collections include the historical artifacts at the various state museums and historical sites, monuments, and other art throughout the capitol grounds. Assets that were previously capitalized continue to be reported in the government-wide financial statements.

Component unit capital assets are stated at cost and are depreciated using the straight-line method of depreciation over the following useful lives: buildings - 40 years, land improvements and building improvements - 20 years, and equipment - 5 years.

Note 1 - Significant Accounting Policies (cont.)

K. Deferred/Unearned Revenues

Governmental Funds

Deferred revenues are those for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met for governmental funds, which use the modified accrual basis of accounting. Therefore, such amounts are reported within the governmental fund financial statements as receivables and offset by a deferred revenue account. These amounts include $418,315,000 within the General Fund, $50,691,000 within the major special revenue funds, $15,437,000 within the Missouri Road Fund, and $5,451,000 within non-major governmental funds which totals $489,894,000 for governmental funds. Such amounts have been deemed to be measurable but not available. All major sources of revenue, including taxes; licenses, fees, and permits; and governmental contributions; are susceptible to accrual when available within 60 days.

Deferred revenues also include amounts collected in advance of the year in which earned. The State has reported as such deferred revenues of $89,010,000 within the General Fund, $1,025,000 within major special revenue funds, $9,765,000 within the Missouri Road Fund, and $1,554,000 within non-major governmental funds which totals $101,354,000 for governmental funds.

Proprietary Funds

Unearned revenue amounts collected in advance of the year in which earned are reported in the amount of $24,028,000 within the internal service funds included in governmental activities. Total unearned revenue for enterprise funds is $625,000 which includes $522,000 within the Petroleum Storage Tank Insurance Fund, and $103,000 within the non-major enterprise funds.

Component Units

Unearned revenue amounts collected in advance of the year in which earned are reported in the amount of $93,323,000 within the college and universities which is the total unearned revenue amount for component units.

L. Long-Term Debt

Long-term liabilities that will be financed from governmental funds are not reported on the fund financial statements. However, the long-term liabilities are reported on the government-wide financial statements. The reconciliation between fund financial statements and government-wide financial statements includes a line item for the long-term liabilities of governmental funds. These long-term liabilities include the following:

1. Due to Other Entities includes outstanding principal on advances from other governments, contractual obligations to other governments, and loans from other entities. The expenditures are recorded in the appropriate governmental funds when the liability is paid (see *Note 11*).

2. Outstanding principal for general obligation debt. The expenditure for payment of principal and interest for general obligation debt is recorded in the debt service funds when paid (see *Note 12*).

3. Outstanding principal for bonds issued by the Board of Public Buildings, State Road Bonds issued by the Missouri Highways and Transportation Commission, and bonds issued by the Health and Educational Facilities Authority and the Regional Convention and Sports Complex Authority. The expenditure for payment of principal and interest for these bonds is recorded in the appropriate governmental funds when paid (see *Note 12*).

Note 1 - Significant Accounting Policies (cont.)

4. Bond premiums are deferred and amortized over the life of the bonds using the effective interest rate method in the government-wide financial statements. Bonds payable are reported net of the applicable bond premium.

   In the fund financial statements, governmental fund types recognize bond premiums during the current period. Premiums on debt issuances are reported as other financing sources (see *Note 11*).

5. Obligations under lease/purchases reported include the present value of net minimum future lease payments, which will be paid from the General Fund, various special revenue funds, and the Missouri Road Fund (see *Notes 6 and 11*).

6. Compensated absences include accumulated unpaid vacation and compensatory time accruals and related employer payroll taxes. These amounts are not accrued in the governmental funds but are recorded as expenditures when paid (see *Note 11*).

   Vacation leave is accumulated at a rate of 10 to 14 hours per month depending on the number of years of employment. Accumulated vacation leave cannot exceed twice the number of vacation hours earned annually. Compensatory time is accumulated as earned by an individual employee.

   Sick leave is accumulated at a rate of 10 hours per month with no limit to the amount which can be accumulated. Accumulated sick leave is not paid upon employee termination and does not represent a liability of the State.

7. Claims and contingent liabilities include estimates of the risk of loss related to tort liability, general liability, motor vehicle liability, contractor liability, and injuries to employees. These liabilities are reported when it is probable that a loss has occurred and the amount of loss can be reasonably estimated. These losses include an estimate of claims that have been incurred but not reported. Expenditures are recorded in the fund from which the liability is paid (see *Notes 11, 21, and 23*).

Long-term liabilities of all proprietary, pension (and other employee benefit) trust, and private-purpose trust funds are accounted for in the respective funds.

M. Net Assets

Net Assets are reported in three categories:

Invested in Capital Assets, Net of Related Debt - An account used to segregate the portion of net assets attributable to capital assets and related debt. It consists of capital assets, net of accumulated depreciation and reduced by outstanding balances of bonds, notes and other debt that are attributed to acquisition, construction, or improvement of those assets.

Restricted Net Assets - An account used to segregate the portion of net assets that have constraints on their use, which are either externally imposed by creditors, grantors, contributors, and the like, or imposed by law through enabling legislation.

Enabling legislation authorizes the State to assess, levy, charge, or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. At June 30, 2008, net assets restricted by enabling legislation equaled $1,355,342,000 for governmental activities and $36,321,000 for business-type activities.

Note 1 - Significant Accounting Policies (cont.)

Unrestricted Net Assets - An account used to segregate the portion of net assets that does not meet the definition of the two preceding categories.

When both restricted and unrestricted resources are available for use, generally the State uses restricted resources first, then unrestricted resources as they are needed. However, there may be instances in which restricted funds may only be spent in proportion to unrestricted funds spent.

### N. Revenues

The revenues of the General Fund include federal grants and contributions of $7,534,365,000. Revenues for all funds are reported net of refunds of $1,720,396,000.

### O. Interfund Transactions

During the fiscal year the State incurs various transactions between funds, including expenditures and transfers of resources to distribute interest earnings, finance operations, provide services, construct assets, and service debt. Interfund transactions basically consist of these three types:

1. Transactions that would be treated as revenues or expenditures/expenses if they involved organizations external to the State are similarly treated when involving other funds of the State. Major transactions that fall into this category include payments to internal service funds from other funds for services rendered and to agency funds for contributions for employee benefits.

2. Transactions that reimburse another fund for an expense reduce expenses of the fund that is being reimbursed and increase expenses for the fund doing the reimbursement. Therefore, they are not shown on the face of the statements.

3. Operating subsidies and transfers from funds receiving revenues to funds through which the resources are to be expended are classified as transfers (see *Note 16*). These transactions are eliminated on the face of the financial statements if the transfer in and transfer out are either both in governmental funds or both in enterprise funds. Of the remaining transfers, any transfers in and transfers out that are within the same activity (Business-Type and Governmental) are eliminated at the Government-Wide Statement of Activities.

### P. Expenditures and Expenses

Expenditures and expenses are reported net of revenue over collections of $1,406,674,000 and $169,000, respectively. Expenditures and expenses are reported net of overpayments to vendors, individuals, school districts, and for cost reimbursements of $312,512,000 and $1,041,000, respectively.

### Q. Property Taxes

Presently there is a state property tax of three cents on each hundred dollars assessed valuation on all real estate and personal property. The tax collected is deposited into the Blind Pension Fund, which is a component unit of social assistance.

## Note 1 - Significant Accounting Policies (cont.)

The property taxes in Missouri are levied by October 31 of each year on assessed valuation as of January 1 of that year. Property taxes are due and payable by December 31 and penalties on unpaid taxes are imposed after that date. Assessed values are established by each county assessor's office and are calculated as a percent of market value except for agricultural land which is calculated on productive capability. The percentage for real property varies according to use: residential at 19%, commercial at 32%, and agricultural at 12%. Personal property is assessed according to type with the majority at 33 1/3% of market value.

## Note 2 - Reporting Changes and Classifications

The State of Missouri implemented the following new accounting standards issued by the Governmental Accounting Standards Board (GASB) for the fiscal year June 30, 2008:

- GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions,* which establishes standards for the measurement, recognition, and display of other postemployment benefits (OPEB) expense/expenditures, related assets and liabilities, and note disclosures.

  Statement No. 45 follows the same basic guidelines as Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers* but some of the requirements of this Statement differ from the requirements of Statement No. 27 to show the differences between OPEB and pension benefits. This statement was implemented prospectively with no beginning net OPEB obligation. The OPEB portion representing a trust or equivalent arrangement is displayed as a pension (and other employee benefit) trust fund.

- GASB Statement No. 48, *Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues*, which establishes criteria that will be used to determine how to treat transactions in which immediate cash payments are received in exchange for future expected cash flows.

- GASB Statement No. 50, *Pension Disclosures*, which more closely aligns current pension disclosure requirements for governments with those for OPEB.

The intention of Statement No. 50 is to amend note disclosure and required supplementary information (RSI) standards of Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans,* and No. 27, *Accounting for Pensions by State and Local Governmental Employers*, to conform with requirements by Statements No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, and No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*.

## Note 3 - Deposits, Investments, and Securities Lending Program

The State Treasurer maintains a cash and short-term investment pool that is used by substantially all state funds. These funds do not include accrued interest. Certain organizational units are authorized to administer assets designated to their organization in a manner similar to the deposit and investment activities of the State as a whole. Summarized on the following page is the portfolio that represents the "Cash and Cash Equivalents," "Investments," "Restricted Assets - Cash and Cash Equivalents," and "Restricted Assets – Investments" as reported at June 30, 2008.

## Note 3 - Deposits, Investments, and Securities Lending Program (cont.)

### A. Deposits

The State minimizes custodial credit risk by restrictions set forth in state law. Custodial credit risk is risk associated with the failure of a depository financial institution. In the event of a depository financial institution's failure, the State would not be able to recover its deposits or collateralized securities that are in the possession of the outside parties. Statutes restrict the State Treasurer to deposit funds in financial institutions that are physically located in Missouri which are selected based on financial stability and community involvement. The financial institution's loan to deposit ratio must exceed 50% at the time of deposit and deposits must be collateralized at least 100% with approved securities. Deposits must have a maturity of five years or less and earn interest at a rate equal to that paid on U.S. Treasury securities with equivalent maturities.

Primary Government

At June 30, 2008, the bank balance of the primary government's deposits was $1,159,334,000. Of the bank amount, $5,155,000 was exposed to custodial credit risk by being uninsured and collateralized with securities held by the pledging financial institution, and $30,000 was exposed to custodial credit risk by being uninsured and uncollateralized.

Fiduciary

At June 30, 2008, the bank balance of the deposits of the fiduciary funds was $90,023,000. None of these deposits were exposed to custodial credit risk.

Component Units

At June 30, 2008, the bank balance of the deposits of the component units was $563,568,000. Of the bank amount, $182,690,000 was exposed to custodial credit risk, $2,011,000 was insured and uncollateralized, and $180,679,000 was uninsured and collateralized with securities held by the pledging financial institution.

### B. Investments

Statutes authorize the State Treasurer to invest in U.S. Treasury or Agency securities maturing within five years, commercial paper and banker's acceptances maturing within 180 days, or in repurchase agreements maturing within 90 days secured by U.S. Treasury or Agency securities of any maturity. The internal service funds, the agency and pension (and other employee benefit) trust funds, and the component units, in accordance with statutory authority, invest primarily in U.S. government securities, repurchase agreements, preferred and common stocks, bonds, real estate, and fixed income securities. There have been no violations of these investment restrictions during fiscal year 2008.

The State Treasurer minimizes credit risk, the risk of loss due to the failure of the security issuer or backer, by establishing a pre-approved list of financial institutions and companies that will be used to purchase commercial paper. The State Treasurer also conducts regular credit monitoring, pre-qualifies the financial institutions and brokers/dealers with which the Treasurer's Office will do business for broker services and repurchase agreements, and diversifies the portfolio to reduce potential losses on individual securities.

Custodial credit risk is the risk that, in the event of failure of the counterparty to a transaction, the State will not be able to recover the value of their investment or collateral securities that are in the possession of an outside party. The State Treasurer minimizes custodial credit risk by requiring that all securities be held in the State's name at the State's custodial bank, Bank of New York.

Note 3 - Deposits, Investments, and Securities Lending Program (cont.)

Primary Government

At June 30, 2008, the reported amount of the primary government's investments was $4,093,410,000. Of this amount, $168,640,000 was exposed to custodial credit risk because it was uninsured and unregistered with securities held by the State's counterparty. Also, $2,632,000 of repurchase agreements were not collateralized.

Fiduciary

At June 30, 2008, the reported amount of the fiduciary funds investments was $11,536,423,000. Of this amount, $15,646,000 was exposed to custodial credit risk because it was uninsured and unregistered with securities held by the State's counterparty. Also, $52,000 was exposed to custodial credit risk due to it being uninsured and unregistered with securities held by the counterparty's trust department or agent but not in the State's name.

Component Units

At June 30, 2008, the reported amount of the component units investments was $2,297,482,000. Of this amount, $177,333,000 was exposed to custodial credit risk, $170,374,000 was uninsured and unregistered with securities held by the counterparty while $6,959,000 was insured and unregistered with securities held by the counterparty's trust department or agent, but not in the name of the investor.

The following table (in thousands of dollars) provides information about the interest rate risks associated with the State's investments. The investments include certain short-term cash equivalents, various long-term items, and restricted assets by maturity in years. The State Treasurer minimizes the risk of the market value of securities falling due to changes in interest rates by maintaining an effective duration of less than 1.5 years, and holding at least 40% of the portfolio's total market value in securities with a maturity of 12 months or less.

| | Maturities in Years | | | | | |
|---|---|---|---|---|---|---|
| | Less than 1 | 1-5 | 6-10 | More than 10 | No Maturity | Total Fair Value |
| All Fund Types except Fiduciary Funds and Component Units: | | | | | | |
| U.S. Government Securities | $ 1,440,020 | $ 1,767,071 | $ 12,629 | $ 10,219 | $ --- | $ 3,229,939 |
| Repurchase Agreements | 594,426 | --- | --- | --- | --- | 594,426 |
| Stocks | --- | --- | --- | --- | 3,541 | 3,541 |
| Mutual Funds | --- | --- | --- | --- | 2,492 | 2,492 |
| Commercial Paper | 259,413 | --- | --- | --- | --- | 259,413 |
| Other | 717 | 1,827 | 1,055 | --- | --- | 3,599 |
| Subtotal | 2,294,576 | 1,768,898 | 13,684 | 10,219 | 6,033 | 4,093,410 |

## Note 3 - Deposits, Investments, and Securities Lending Program (cont.)

| | Maturities in Years | | | | | |
|---|---|---|---|---|---|---|
| | Less than 1 | 1-5 | 6-10 | More than 10 | No Maturity | Total Fair Value |
| Fiduciary Funds: | | | | | | |
| U.S. Government Securities | 5,201 | 702,512 | 9,073 | 408,549 | --- | 1,125,335 |
| Repurchase Agreements | 399,808 | --- | --- | --- | --- | 399,808 |
| Stocks | --- | --- | --- | --- | 1,415,477 | 1,415,477 |
| Bonds | 315,185 | 6,528 | 5,181 | 13,566 | --- | 340,460 |
| Commercial Paper | 1,024 | --- | --- | --- | --- | 1,024 |
| International Equities | 1,110,134 | --- | --- | --- | --- | 1,110,134 |
| Mortgages/ Real Estate | --- | 34,218 | 501 | 117,827 | 182,566 | 335,112 |
| Short-Term Securities | 793,625 | --- | --- | --- | --- | 793,625 |
| Foreign Securities | --- | --- | --- | --- | 92,659 | 92,659 |
| Mutual Funds | --- | --- | --- | --- | 1,408,892 | 1,408,892 |
| Venture Capital Limited Partnership | --- | --- | --- | --- | 3,933,036 | 3,933,036 |
| Absolute Return | --- | --- | --- | --- | 317,131 | 317,131 |
| Tactical Fixed Income | --- | --- | --- | --- | 81,212 | 81,212 |
| Other | 182,518 | --- | --- | --- | --- | 182,518 |
| Subtotal | 2,807,495 | 743,258 | 14,755 | 539,942 | 7,430,973 | 11,536,423 |
| Component Units: | | | | | | |
| U.S. Government Securities | 262,142 | 434,858 | 150,132 | 141,518 | --- | 988,650 |
| Repurchase Agreements | 10,002 | --- | --- | --- | --- | 10,002 |
| Stocks | --- | --- | --- | --- | 659,454 | 659,454 |
| Bonds | 60,603 | 149,137 | 93,040 | 34,044 | --- | 336,824 |
| Money Market | 1,505 | --- | --- | --- | --- | 1,505 |
| Mutual Funds | 1,923 | --- | --- | --- | 9,000 | 10,923 |
| Commercial Paper | 104,433 | --- | --- | --- | --- | 104,433 |
| Other | 4,883 | 25,298 | 38,824 | 22,206 | 94,480 | 185,691 |
| Subtotal | 445,491 | 609,293 | 281,996 | 197,768 | 762,934 | 2,297,482 |
| Total Investments | $ 5,547,562 | $ 3,121,449 | $ 310,435 | $ 747,929 | $ 8,199,940 | $ 17,927,315 |

The State minimizes concentration of credit risk, the risk attributed to the magnitude of an investment in a single issuer. State statute prohibits the State Treasurer from investing more than 5% of the total investment portfolio into any single financial institution or issuer, excluding U.S. securities and repurchase agreements. There are no restrictions in the amount that can be invested in U.S. securities, however, there can be no more than 15% of the total portfolio invested in repurchase agreements. During fiscal year 2008, the State did not have more than 5% of total investments in a single issuer.

Note 3 - Deposits, Investments, and Securities Lending Program (cont.)

The State Treasurer requires investments in commercial paper and bankers' acceptances to have the highest letter and numerical ranking (A1/P1) as rated by Moody's Investor Service, Inc. (Moody's) and Standard & Poor's Corporation (S & P). The Treasurer does not have any additional policies regarding credit ratings of investments. The following table (in thousands of dollars) provides information on the credit ratings associated with the State's investments in debt securities.

| | Moody's | S & P | Fair Value |
|---|---|---|---|
| Primary Government/Fiduciary: | | | |
| Bonds | Aaa | | $ 1,516 |
| | Aaa | AAA | 2,979,739 |
| | | AAA | 67,505 |
| | | AA+ | 121 |
| | | AA | 181,734 |
| | | AA- | 1,237 |
| | | A+ | 2,312 |
| | | A | 196,092 |
| | | A- | 857 |
| | | BBB+ | 3,519 |
| | | BBB | 109,672 |
| | | BBB- | 2,574 |
| | | BB+ | 616 |
| | | BB | 32,025 |
| | | B | 63,080 |
| | | CCC | 39,067 |
| | | CC | 74 |
| | | D | 139 |
| | | Not Rated | 1,040 |
| | Aa2 | | 526 |
| Money Market Mutual Funds | Not Rated | | 76 |
| Commercial Paper | P1 | A1+ | 79,587 |
| | P1 | A1 | 180,850 |
| | | Tier 1 | 123,608 |
| Asset-Backed Securities | | AAA | 264,402 |
| | | AA | 50,394 |
| | | A | 305 |
| Pooled Investments | | Not Rated | 451,293 |
| Repurchase Agreements | P1 | A1+ | 363,431 |
| U.S. Government | Aaa | AAA | 9,709 |
| U.S. Treasury | Aaa | AAA | 3,494 |
| U.S. Agencies | Aaa | AAA | 12,676 |
| | Aaa | | 1,358 |
| | | Agency | 410,027 |
| U.S. Security | Aaa | AAA | 2,383 |
| | Aaa | | 118,541 |
| | | AAA | 8,024 |
| | | AA | 2,884 |
| | | A+ | 223 |
| | | Agency | 9,255 |
| | | Treasury | 6,202 |
| | Unrated | | 3,086 |

Note 3 - Deposits, Investments, and Securities Lending Program (cont.)

| | Moody's | S & P | Fair Value |
|---|---|---|---|
| Other | Aaa | AAA | 3,599 |
| | | AAA | 92,069 |
| | | AA+ | 6,013 |
| | | AA | 50,566 |
| | | AA- | 2,209 |
| | | A+ | 4,630 |
| | | A | 24,110 |
| | | A- | 2,764 |
| | | BBB+ | 169 |
| | | BBB | 2,067 |
| | | BBB- | 133 |
| | | BB | 77,705 |
| | | B | 90,072 |
| | | CCC | 12,828 |
| | | CC | 176 |
| | | Agency | 71,929 |
| | | Tier 1 | 123,003 |
| | | Not Rated | 46,016 |
| Subtotal | | | 6,395,311 |
| Component Units: | | | |
| Bonds and Notes | Aaa | | 64,535 |
| | | AAA | 2,000 |
| | | AA | 3,500 |
| | Aa | | 114,410 |
| | | A+ | 2,000 |
| | A | | 142,267 |
| | | A | 1,000 |
| | Baa | | 8,311 |
| | Unrated | | 7,203 |
| Money Market | Aaa | AAA | 1,496 |
| | Unrated | Unrated | 9 |
| Mutual Fund | | Unrated | 30 |
| Commercial Paper | Unrated | | 104,433 |
| U.S. Treasury Obligations | Aaa | AAA | 1,000 |
| | Aaa | | 193,889 |
| U.S. Agency Obligations | | AAA | 6,020 |
| | Aaa | A1+ | 8,525 |
| | Aaa | | 470,034 |
| | Aa | | 3,111 |
| | A | | 392 |
| | Unrated | | 158,855 |
| U.S. Securities | Aaa | AAA | 17,719 |
| | | AAA | 12,803 |
| U.S. Bonds and Notes | Aaa | AAA | 34,403 |
| Stock | Unrated | | 646,801 |
| Other | Aaa | | 55,497 |
| | Aa | | 668 |
| | A | | 31,309 |
| | | A | 1,386 |
| | Baa | | 944 |
| | Unrated | | 95,887 |
| Subtotal | | | 2,190,437 |
| Total Rated Investments | | | $ 8,585,748 |

Note 3 - Deposits, Investments, and Securities Lending Program (cont.)

The State Treasurer does not have a policy regarding foreign currency risk, which is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit. The following table (in thousands of dollars) provides information on deposits and investments held in various foreign currencies, which are stated in U.S. dollars. The State Treasurer's Office does not have any deposits or investments in foreign currency, however, the Missouri State Employees' Retirement System and the Missouri Department of Transportation and Highway Patrol Employees' Retirement System do have foreign currency deposits and investments which may be used for hedging purposes. In addition to the amounts provided in the table, the college and universities had $89,825,000 in government obligations, $23,347,000 in bonds and notes, $120,076,000 in corporate stocks, and $13,111,000 in cash and cash equivalents held in foreign currencies as of June 30, 2008.

| | Investment Type | | | | | |
|---|---|---|---|---|---|---|
| Currency | Cash | Equities | Fixed Income | Alternatives | Real Estate | Total |
| Argentina Peso | $ 3 | $ --- | $ --- | $ --- | $ --- | $ 3 |
| Australian Dollar | 3 | 18,797 | --- | --- | --- | 18,800 |
| Brazilian Real | 12 | 31,533 | --- | --- | --- | 31,545 |
| British Pound Sterling | 26 | 3,939 | --- | --- | --- | 3,965 |
| Canadian Dollar | 29 | 8,400 | --- | --- | --- | 8,429 |
| Czech Koruna | 20 | 1,289 | --- | --- | --- | 1,309 |
| Danish Krone | 2 | 4,178 | --- | --- | --- | 4,180 |
| Egyptian Pound | (1) | 1,563 | --- | --- | --- | 1,562 |
| Euro | 2,742 | 234,919 | 14,744 | 126,947 | 155 | 379,507 |
| Hong Kong Dollar | 124 | 52,301 | --- | --- | --- | 52,425 |
| Hungarian Forint | 47 | 4,240 | --- | --- | --- | 4,287 |
| Indian Rupee | 677 | 2,545 | --- | --- | --- | 3,222 |
| Indonesion Rupiah | 2 | 1,682 | --- | --- | --- | 1,684 |
| Israeli New Shekel | --- | 2,342 | --- | --- | --- | 2,342 |
| Japenese Yen | 104,716 | 408,516 | --- | --- | --- | 513,232 |
| Malaysian Ringgit | 19 | 5,817 | --- | --- | --- | 5,836 |
| Mexican Peso | (4) | 13,586 | --- | --- | --- | 13,582 |
| Moroccan Dirham | (3) | 311 | --- | --- | --- | 308 |
| New Zealand Dollar | 1 | 30 | --- | --- | --- | 31 |
| Norweign Krone | 107 | 10,869 | --- | --- | --- | 10,976 |
| Pakisani Rupee | 2 | 1,747 | --- | --- | --- | 1,749 |
| Peruvian Nuevo Sol | --- | 23 | --- | --- | --- | 23 |
| Philippine Peso | --- | 1,382 | --- | --- | --- | 1,382 |
| Polish Zloty | --- | 487 | --- | --- | --- | 487 |
| Russian Ruble | --- | 3,975 | --- | --- | --- | 3,975 |
| Singapore Dollar | 8 | 61,180 | --- | --- | --- | 61,188 |
| South African Rand | (25) | 8,411 | --- | --- | --- | 8,386 |
| South Korean Won | 4 | 38,765 | 2,737 | --- | --- | 41,506 |
| Sri Lanka Rupee | --- | 2 | --- | --- | --- | 2 |
| Swedish Krona | 41 | 22,530 | --- | --- | --- | 22,571 |
| Swiss Franc | 92 | 90,468 | --- | --- | --- | 90,560 |
| Taiwan Dollar | 93 | 31,743 | --- | --- | --- | 31,836 |
| Thai Baht | --- | 17,911 | --- | --- | --- | 17,911 |
| Turkish Lira | (9) | 9,083 | --- | --- | --- | 9,074 |
| United Kingdom Pound Sterling | 214 | 104,541 | 4,391 | --- | --- | 109,146 |
| Venezuelan Bolivar | 107 | --- | --- | --- | --- | 107 |
| Total | $ 109,049 | $ 1,199,105 | $ 21,872 | $ 126,947 | $ 155 | $ 1,457,128 |

Note 3 - Deposits, Investments, and Securities Lending Program (cont.)

C. Securities Lending Program

State Treasurer's Office:

The Missouri State Treasurer's Office participates in a securities lending program to augment investment income. Authority to participate rests in Section 30.260.5, RSMo. As of October 2004, Bank of New York began acting as the State Treasurer's custodial bank and securities lending agent. For securities which are received as collateral under a bonds borrowed program, at least 75% of the collateral received must match the maturities of the securities lent with a maximum duration gap between loans and investments of 15 days. The maximum life of term loans shall be 90 days.

Collateral may be in the form of cash, securities issued or guaranteed by the U.S. government or its agencies, or bank letters of credit or equivalent obligation if pre-approved by the State Treasurer's Office. Collateral must be provided in the amount of 102% of the then market value of the loaned securities and accrued interest, if any. The Custodian provides for full indemnification to the State Treasurer's Office for any losses that might occur in the program due to borrower default, insolvency, or failure to return loaned securities.

At June 30, 2008, the State Treasurer's Office had an aggregate fair value of securities lent of $228,281,000 and an aggregate fair value of collateral received of $233,310,000.

Missouri State Employees' Retirement System:

The Missouri State Employees' Retirement System's (MOSERS) board of trustees' investment policies permit the pension trust funds to participate in a securities lending program. Certain securities of the pension trust funds are loaned to participating brokers who provide collateral in the form of cash, U.S. Treasury or government agency securities, or letters of credit issued by approved banks. Collateral must be provided in the amount of 102% of market value for domestic loans and 105% of market value for international loans. MOSERS does not have the authority to pledge or sell collateral securities, without borrower default. On June 30, 2008, MOSERS had no credit risk exposure to borrowers because the collateral amounts received exceeded amounts out on loan.

Credit Suisse, New York Branch (CSNY) served as the agent for the fixed income domestic equity, and international equity securities lending programs. MOSERS reduces credit risk by allowing CSNY to lend these securities to a diverse group of dealers on behalf of MOSERS. CSNY provides indemnification against dealer default.

Daily monitoring of securities that are on loan ensure proper collateralization levels and mitigate counterparty risk. The majority of the security loans are open loans and can be terminated on demand by either MOSERS or the borrower. Cash collateral is invested in short-term investment funds, managed by CSNY. On June 30, 2008, the cash collateral fund had a market value of $990,447,000 and a weighted average maturity of 27 days. At June 30, 2008 and 2007, MOSERS earned $8,442,000 and $2,859,000, respectively, on the securities lending program.

Missouri Department of Transportation and Highway Patrol Employees' Retirement System:

In accordance with the investment policies set by the board of trustees, the Missouri Department of Transportation and Highway Patrol Employees' Retirement System (the System), lends its securities to broker-dealers and banks pursuant to a form of loan agreement. The System's custodial bank is authorized to lend available securities to approved broker-dealers and banks subject to the receipt of acceptable collateral.

Note 3 - Deposits, Investments, and Securities Lending Program (cont.)

During the fiscal year, the System lent securities and received cash, securities insured or guaranteed by the U.S. government or its agencies, and irrevocable bank letters of credit as collateral. The System cannot pledge or sell non-cash collateral unless a borrower defaults. Borrowers were required to deliver collateral for each loan equal to: 1) in the case of loaned securities denominated in dollars or whose primary trading market was located in the United States, 102% of the market value of the loaned securities plus any accrued interest; and 2) in the case of loaned securities not denominated in U.S. dollars or whose primary trading market was not located in the United States, 105% of the market value of the loaned securities plus any accrued interest.

The System did not impose any restrictions during the fiscal year on the amount of the loans that the custodial bank made on its behalf. There were no known failures by any borrowers to return loaned securities or pay distributions thereon during the year.

The System and borrowers maintained the right to terminate all securities lending transactions on demand. The collateral held at June 30, 2008, was $62,737,000 and the market value of securities on loan for the System was $61,380,000.

At June 30, 2008 and 2007, the System earned $413,000 and $468,000, respectively, on the securities lending program.

University of Missouri System:

The University participates in a securities lending program to augment income. The program is administered by the University's custodial agent bank, which lends certain securities for a predetermined period of time, to an independent broker/dealer (borrower) in exchange for collateral. Collateral may be cash, U.S. government securities, defined letters of credit, or other collateral approved by the University. Loans of domestic securities are initially collateralized at 102% of the fair value of securities lent. Loans of international securities are initially collateralized at 105% of the fair value of securities lent. The University has minimized its exposure to credit risk from borrower default by having the custodial agent bank determine daily that required collateral meets a minimum of 100% of the market value of securities on loan for domestic securities lent and 105% for international securities lent.

The University continues to receive interest and dividends during the loan period as well as a fee from the borrower. The maturities of the investments made with the cash collateral generally match the maturities of the securities lent. At June 30, 2008, the University has no credit risk exposure since the collateral held exceeds the value of the securities lent. The University is fully indemnified by its custodial bank against any losses incurred as a result of borrower default. The University can pledge or sell cash and securities received as collateral absent a borrower default.

At June 30, 2008, letters of credit and security collateral, not meeting the criteria for inclusion on the Combined Statement of Net Assets, totaled $15,238,000. At June 30, 2008, the aggregate fair value of the securities lent was $106,360,000 and the aggregate fair value of the collateral received was $113,629,000.

## Note 3 - Deposits, Investments, and Securities Lending Program (cont.)

### D. Derivatives

Missouri State Employees' Retirement System (MOSERS), through its external investment managers, has an investment policy which holds investments in futures contracts, swap contracts, and forward foreign currency exchange contracts. MOSERS does not anticipate additional significant market risk from the swap arrangements. The forward foreign currency exchange contracts are used primarily to hedge against changes in exchange rates related to foreign equities. MOSERS could be exposed to risk if the counterparties to the contracts are unable to meet the terms of the contracts. MOSERS anticipates that the counterparties will be able to satisfy their obligation as credit evaluations and credit limits are monitored by the investment managers. MOSERS also invests in mortgage-backed securities to diversify the portfolio and increase the return while minimizing the extent of risk. At June 30, 2008, MOSERS Foreign Currency Forward Contracts had a pending receivable of $427,529,000 and a pending payable of $430,707,000 resulting in a final liability of $3,178,000.

The following table (in thousands of dollars) summarizes the various contracts in MOSERS portfolio as of June 30, 2008. The investments are reported at fair value and are included on the Statement of Net Assets of the pension (and other employee benefit) trust funds.

Futures Contracts:

| Notional Amount | Exposure |
|---|---|
| $169,556 | $(240) |

Swaps:

| Notional Amount | Counterparty Exposure |
|---|---|
| $1,401,807 | $(52,068) |

## Note 4 - Federal Surplus Commodities Inventory

The federal surplus commodities inventory for the Department of Social Services was $53,000 as of June 30, 2008. This inventory is not considered to be an asset of the State and is not included in the financial statements.

## Note 5 - Capital Assets

Capital asset activity for the year ended June 30, 2008, was as follows (in thousands of dollars):

| | *Balance July 1, 2007 | Increases | Decreases | Balance June 30, 2008 |
|---|---|---|---|---|
| **Governmental Activities:** | | | | |
| Capital Assets not being Depreciated: | | | | |
| Construction in Progress | $ 624,594 | $ 238,387 | $ (184,145) | $ 678,836 |
| Infrastructure in Progress | 2,733,988 | 1,028,231 | (1,090,167) | 2,672,052 |
| Land | 2,649,153 | 126,335 | (3,243) | 2,772,245 |
| Total Capital Assets not being Depreciated | 6,007,735 | 1,392,953 | (1,277,555) | 6,123,133 |
| Capital Assets being Depreciated: | | | | |
| Land Improvements | 149,706 | 3,139 | --- | 152,845 |
| Buildings and Improvements | 2,409,997 | 111,183 | (1,868) | 2,519,312 |
| Equipment | 1,156,788 | 101,305 | (91,549) | 1,166,544 |
| Infrastructure | 40,251,481 | 1,090,168 | (83,925) | 41,257,724 |
| Total Capital Assets being Depreciated | 43,967,972 | 1,305,795 | (177,342) | 45,096,425 |
| Less Accumulated Depreciation for: | | | | |
| Land Improvements | (70,816) | (4,549) | --- | (75,365) |
| Buildings and Improvements | (902,469) | (76,230) | 1,108 | (977,591) |
| Equipment | (805,407) | (92,333) | 85,682 | (812,058) |
| Infrastructure | (19,777,917) | (699,790) | 83,925 | (20,393,782) |
| Total Accumulated Depreciation | (21,556,609) | (872,902) | 170,715 | (22,258,796) |
| Total Capital Assets being Depreciated, Net | 22,411,363 | 432,893 | (6,627) | 22,837,629 |
| Governmental Activities Capital Assets, Net | $ 28,419,098 | $ 1,825,846 | $ (1,284,182) | $ 28,960,762 |
| **Business-Type Activities:** | | | | |
| Capital Assets not being Depreciated: | | | | |
| Construction in Progress | $ 3,899 | $ 259 | $ (1,024) | $ 3,134 |
| Land | 6,950 | 736 | --- | 7,686 |
| Total Capital Assets not being Depreciated | 10,849 | 995 | (1,024) | 10,820 |
| Capital Assets being Depreciated: | | | | |
| Land Improvements | 7,074 | 420 | (48) | 7,446 |
| Buildings and Improvements | 27,567 | 348 | --- | 27,915 |
| Equipment | 46,137 | 3,855 | (4,018) | 45,974 |
| Total Capital Assets being Depreciated | 80,778 | 4,623 | (4,066) | 81,335 |
| Less Accumulated Depreciation for: | | | | |
| Land Improvements | (3,333) | (256) | --- | (3,589) |
| Buildings and Improvements | (13,219) | (734) | --- | (13,953) |
| Equipment | (34,153) | (2,682) | 3,977 | (32,858) |
| Total Accumulated Depreciation | (50,705) | (3,672) | 3,977 | (50,400) |
| Total Capital Assets being Depreciated, Net | 30,073 | 951 | (89) | 30,935 |
| Business-Type Activities Capital Assets, Net | $ 40,922 | $ 1,946 | $ (1,113) | $ 41,755 |

*Beginning balances as of July 1, 2007 have been restated (see *Note 17*).

Note 5 - Capital Assets (cont.)

Depreciation expense of governmental activities was charged to functions as follows (in thousands of dollars):

| | |
|---|---|
| General Government | $ 30,128 |
| Education | 3,132 |
| Natural and Economic Resources | 12,004 |
| Transportation and Law Enforcement | 766,848 |
| Human Services | 60,790 |
| Total | $ 872,902 |

**Discretely Presented Component Units**

The following table summarizes net capital assets reported by the discretely presented component units (in thousands of dollars):

| | College and Universities | Non-Major Component Units | Total |
|---|---|---|---|
| Capital Assets not being Depreciated: | | | |
| Construction in Progress | $ 305,480 | $ --- | $ 305,480 |
| Land | 133,840 | 7,220 | 141,060 |
| Other Non-Depreciable Assets | 20,220 | --- | 20,220 |
| Total Capital Assets not being Depreciated | 459,540 | 7,220 | 466,760 |
| Capital Assets being Depreciated: | | | |
| Land Improvements | 21,259 | --- | 21,259 |
| Buildings and Improvements | 3,894,333 | 49,614 | 3,943,947 |
| Equipment, Fixtures, and Books | 1,135,147 | 140 | 1,135,287 |
| Infrastructure | 348,490 | --- | 348,490 |
| Total Capital Assets being Depreciated | 5,399,229 | 49,754 | 5,448,983 |
| Less Total Accumulated Depreciation | (2,242,378) | (4,802) | (2,247,180) |
| Total Capital Assets being Depreciated, Net | 3,156,851 | 44,952 | 3,201,803 |
| Discretely Presented Component Units - Capital Assets, Net | $ 3,616,391 | $ 52,172 | $ 3,668,563 |

**Capital Asset Impairments**

The net gain after insurance recovery of $158,000 would be reported as an extraordinary item in the statement of net activities, due to the restoration of Lincoln University's Caruthersville Extension facility from tornado damage.

The net gain after insurance recovery of $135,000 would be reported as an extraordinary item in the statement of net activities, due to the restoration of Lincoln University's Dawson Hall from fire damage.

## Note 6 - Leases

### Capital

The State has entered into various agreements to lease land, buildings, and equipment. FASB Statement No. 13, *Accounting for Leases,* requires a lease that transfers substantially all of the benefits and risks of ownership to the lessee to be accounted for as the acquisition of a capital asset and the incurrence of an obligation by the lessee (a capital lease).

Capital leases for the internal service funds and college and universities are reported as a long-term obligation in those funds along with the related assets. Capital leases and the related assets are not reported on the fund financial statements of governmental type funds. However, the capital leases and related assets of governmental funds are included on the government-wide financial statements and they are shown on the reconciliation between fund financial statements and government-wide statements.

Following is a summary of the future minimum lease payments for capital leases (in thousands of dollars):

| Fiscal Year Ending June 30 | Governmental Funds | Internal Service Funds | College and Universities |
|---|---|---|---|
| 2009 | $ 17,433 | $ 4,310 | $ 2,961 |
| 2010 | 16,712 | 3,211 | 2,754 |
| 2011 | 15,917 | 2,304 | 2,700 |
| 2012 | 7,523 | 1,627 | 2,505 |
| 2013 | 6,869 | 1,558 | 2,483 |
| 2014-2018 | 27,863 | 7,083 | 12,301 |
| 2019-2023 | 13,543 | 5,419 | 4,874 |
| Total Minimum Lease Payments | 105,860 | 25,512 | 30,578 |
| Less Amount Representing Interest | (18,193) | (3,998) | (10,116) |
| Present Value of Net Minimum Lease Payments | $ 87,667 | $ 21,514 | $ 20,462 |

The State has entered into a lease with the Missouri Development Finance Board. The State's obligation under the lease does not constitute a general obligation or other indebtedness of the State. Payments under the lease agreement have been structured in amounts sufficient to pay principal and interest on the Leasehold Revenue Bonds issued by the Board. In November 2005, the Board issued $28,995,000 of Leasehold Revenue Bonds Series 2005 for the purpose of purchasing one building in Florissant, one building in St. Louis, and one building in Jennings. In May 2006, the Board issued $9,865,000 of Leasehold Revenue Bonds Series 2006 for the purpose of purchasing one building in St. Louis. The payments on this lease are subject to annual appropriation by the State legislature.

Note 6 - Leases (cont.)

Following is a summary of the future minimum lease payments to pay interest and principal of the Leasehold Revenue Bonds (in thousands of dollars):

| Fiscal Year Ending June 30 | Governmental Funds | Internal Service Funds |
|---|---|---|
| 2009 | $ 2,511 | $ 112 |
| 2010 | 2,502 | 112 |
| 2011 | 2,488 | 111 |
| 2012 | 2,489 | 111 |
| 2013 | 2,491 | 111 |
| 2014-2018 | 12,381 | 553 |
| 2019-2023 | 12,322 | 551 |
| 2024-2028 | 12,292 | 549 |
| 2029-2031 | 7,368 | 329 |
| Total Minimum Lease Payments | 56,844 | 2,539 |
| Less Amount Representing Interest | (21,488) | (960) |
| Present Value of Net Minimum Lease Payments | $ 35,356 | $ 1,579 |

The State issued Refunding Certificates of Participation Series A 2005 dated March 1, 2005, in the amount of $120,490,000. The Refunding Certificates of Participation refunded $13,945,000 of Missouri Public Facilities Corporation Certificates of Participation (Acute Care Psychiatric Hospital Project) Series A 1994, $13,400,000 of Missouri PRC Corporation Certificates of Participation (Psychiatric Rehabilitation Center Project) Series A 1995, $9,915,000 of Northwest Missouri Public Facilities Corporation Certificates of Participation (Northwest Missouri Psychiatric Rehabilitation Center Project) Series B 1995, and $83,480,000 of Missouri Public Facilities Corporation II Certificates of Participation (Bonne Terre Prison Project) Series A 1999. The State also issued Certificates of Participation Series 2002 dated December 15, 2002, in the amount of $4,700,000 for the Conservation Commission of the State of Missouri Project.

The State's obligation under these leases does not constitute a general obligation or other indebtedness of the State. The certificates of participation represent proportionate ownership interests of the certificate holders in the lease agreement. The certificates do not constitute a pledge of the full faith and credit of the State. Payments under the lease agreement have been structured in amounts sufficient to pay principal and interest on the certificate, and are subject to annual appropriation by the State legislature.

Following is a summary of the future minimum lease payments for the Certificates of Participation (in thousands of dollars):

| Fiscal Year Ending June 30 | Governmental Funds |
|---|---|
| 2009 | $ 13,777 |
| 2010 | 13,771 |
| 2011 | 13,778 |
| 2012 | 13,833 |
| 2013 | 13,185 |
| 2014-2018 | 54,638 |
| 2019 | 8,460 |
| Total Minimum Lease Payments | 131,442 |
| Less Amount Representing Interest | (26,117) |
| Present Value of Net Minimum Lease Payments | $ 105,325 |

Note 6 - Leases (cont.)

Assets acquired through these capital lease agreements are recorded as capital assets at the lower of the present value of the minimum lease payments or the fair value at the time of acquisition. The following is the value of the property under capital lease by asset category as of June 30, 2008 (in thousands of dollars):

| | Governmental Funds | Internal Service Funds | College and Universities |
|---|---|---|---|
| Buildings | $ 227,923 | $ 19,482 | $ 20,999 |
| Equipment | 52,499 | 7,506 | 1,275 |
| | $ 280,422 | $ 26,988 | $ 22,274 |

Operating

The State has entered into various operating leases for land, buildings, and equipment. Most of these leases are classified as operating because the lease period is one year with multiple renewal options. Future minimum commitments due under operating leases as of June 30, 2008, were as follows (in thousands of dollars):

| Fiscal Year Ending June 30 | Primary Government | Component Units |
|---|---|---|
| 2009 | $ 49,572 | $ 5,165 |
| 2010 | 1,424 | 4,287 |
| 2011 | 1,199 | 3,118 |
| 2012 | 575 | 2,429 |
| 2013 | 574 | 2,225 |
| 2014-2018 | 1,051 | 9,051 |
| 2019-2023 | 609 | 2,061 |
| 2024-2028 | 620 | --- |
| 2029-2033 | 632 | --- |
| Total Minimum Commitments | $ 56,256 | $ 28,336 |

Expenditures for rent under operating leases for the years ended June 30, 2008 and June 30, 2007 were $56,711,000 and $39,888,000, respectively.

## Note 6 - Leases (cont.)

### Rental Revenue

The State leases certain state owned facilities to entities outside the State. These lessor arrangements are generally long-term commitments which either generate revenue from otherwise idle property or better serve Missouri's citizens by providing convenient access to products and services. The total asset value of the leased facilities is $5.4 million for primary government and $59.9 million for component units. Future minimum receivables, payable from lessor arrangements as of June 30, 2008, were as follows (in thousands of dollars):

| Fiscal Year Ending June 30 | Primary Government | Component Units |
|---|---|---|
| 2009 | $ 155 | $ 1,540 |
| 2010 | 155 | 1,518 |
| 2011 | 155 | 1,515 |
| 2012 | 155 | 1,462 |
| 2013 | 155 | 1,401 |
| 2014-2018 | 775 | 6,946 |
| 2019-2023 | 775 | 5,067 |
| 2024-2028 | 380 | 4,275 |
| 2029-2033 | 23 | 3,447 |
| 2034-2038 | --- | 3,334 |
| 2039-2043 | --- | 3,334 |
| 2044-2048 | --- | 2,934 |
| Total Minimum Receivables | $ 2,728 | $ 36,773 |

## Note 7 - Retirement Systems

The State has two major retirement systems which cover substantially all state employees. These systems are Missouri State Employees' Retirement System (MOSERS) and Missouri Department of Transportation and Highway Patrol Employees' Retirement System (MPERS). The University of Missouri's Retirement Plan is included as the University is a component unit of the State. The Public School Retirement System of Missouri is included in this note disclosure as the State contributes to it.

### Plan Descriptions

The Missouri State Employees' Plan (MSEP) and the Judicial Plan are single-employer defined benefit public employees' retirement plans administered by MOSERS. The Plans are administered in accordance with the Revised Statutes of Missouri Sections 104.010 and 104.312-104.1215, and 476.445-476.690, respectively.

The MSEP has two benefit structures known as MSEP (closed plan) and MSEP 2000 (new plan). The MSEP covers all full-time employees hired before July 1, 2000, who are not covered under another state-sponsored retirement plan. MSEP 2000 covers all full-time employees hired on or after July 1, 2000. Members in the closed plan have the option at retirement to choose between the benefit structure of the closed plan or new plan. Retirement benefits for members of the Judicial Plan are administered and paid by MOSERS.

Note 7 - Retirement Systems (cont.)

MOSERS provides retirement, survivor, and disability benefits to its members. MOSERS employees are fully vested after 5 years of creditable service (4 years for elected officials and 6 years for legislators). The retirement eligibility requirements are as follows:

MSEP
Age 65 and active with 4 years of service
Age 65 with 5 years of service
Age 60 with 15 years of service
Age 48 with age and service equaling 80 or more (Rule of 80)
Employees may retire early at age 55 with at least 10 years of service with reduced benefits.

MSEP 2000
Age 62 with 5 years of service
Age 48 with age and service equaling 80 or more (Rule of 80)
Employees may retire early at age 57 with at least 5 years of service with reduced benefits.

Judicial Plan
Age 62 with 12 years of service
Age 60 with 15 years of service
Age 55 with 20 years of service
Employees may retire early at age 62 with less than 12 years of service or age 60 with less than 15 years of service with a reduced benefit that is based upon years of service relative to 12 or 15 years.

For members hired prior to August 28, 1997, cost of living adjustments (COLAs) are provided annually based on 80% of the change in the Consumer Price Index (CPI) with a floor of 4% and a ceiling of 5%, until the cumulative amount of COLAs equals 65% of the original benefit, thereafter the 4% floor is eliminated. For members hired on or after August 28, 1997, COLAs are provided annually based on 80% of the change in the CPI up to a maximum rate of 5%. Qualified, terminated-vested members of MSEP and the Judicial Plan may make a one-time election to receive the present value of their benefit in a lump sum payment. To qualify, a member must have terminated with at least 5, but less than 10 years of service, be less than age 60, and have a benefit present value of less than $10,000.

The Missouri Department of Transportation and Highway Patrol Employees' Retirement System (MPERS) is a single-employer defined benefit public employees' retirement system administered in accordance with the Revised Statutes of Missouri Sections 104.010-104.1093.

MPERS membership is composed of qualified employees of the Missouri Department of Transportation, uniformed and non-uniformed members of the Missouri State Highway Patrol, and MPERS staff.

MPERS provides retirement, survivor, and disability benefits to its members. Employees are fully vested after 5 years of creditable service. The MPERS has two benefit structures known as the Closed Plan and the Year 2000 Plan. Generally, the Closed Plan covers employees hired before July 1, 2000. The Year 2000 Plan generally covers employees hired on or after July 1, 2000.

Note 7 - Retirement Systems (cont.)

The retirement eligibility requirements are as follows:

Closed Plan

| MoDOT and non-uniformed patrol members: | Uniformed patrol members: |
|---|---|
| Age 65 and active with 4 or more years of service | Age 55 and active with 4 or more years of service |
| Age 65 with 5 or more years of service | Age 55 with 5 or more years of service |
| Age 60 with 15 or more years of service | Age 48 with sum of age and service equaling 80 or more (Rule of 80) |
| Age 48 with sum of age and service equaling 80 or more (Rule of 80) | Mandatory retirement at age 60 |

All non-uniformed members may retire early with reduced benefits at age 55 with at least 10 years of service.

For members employed prior to August 28, 1997, cost of living adjustments (COLAs) are provided annually based on 80% of the change in the Consumer Price Index (CPI) with a minimum rate of 4% and a maximum rate of 5%, until the cumulative amount of COLAs equals 65% of the original benefit, thereafter the 4% minimum rate is eliminated. For members employed on or after August 28, 1997, COLAs are provided annually based on 80% of the increase in the CPI up to a maximum rate of 5%.

Year 2000 Plan

| MoDOT and non-uniformed patrol members: | Uniformed patrol members: |
|---|---|
| Age 62 with 5 years of service | Age 48 with sum of age and service equaling 80 or more (Rule of 80) |
| Age 48 with sum of age and service equaling 80 or more (Rule of 80) | Mandatory retirement at age 60 with 5 years of service |

All members may retire early with reduced benefits at age 57 with at least 5 years of service. COLAs are provided annually based on 80% of the change in the CPI up to a maximum rate of 5%.

Copies of financial reports issued by MOSERS and MPERS may be requested from:

Missouri State Employees' Retirement System
P.O. Box 209
907 Wildwood
Jefferson City, Missouri 65102-0209

Missouri Department of Transportation and
Highway Patrol Employees' Retirement System
P.O. Box 1930
Jefferson City, Missouri 65102-1930

Funding Policy

MOSERS administers plans which cover substantially all State of Missouri employees. The State of Missouri is obligated by state law to make all required contributions to the System. The actuarially determined contributions are expressed as a level percentage of covered payroll. Current year actuarially determined contribution rates for the MSEP and the Judicial Plan are 12.84% and 58.65%, respectively. Actual contribution rates are the same as the actuarially determined rates.

The State of Missouri makes all required contributions to MPERS. Current year calculated contribution rates are 42.61% for uniformed members of the Highway Patrol and 31.01% for non-uniformed members of the Highway Patrol and employees of the Missouri Department of Transportation. Actual contribution rates are the same as the actuarially determined rates.

Note 7 - Retirement Systems (cont.)

Annual Pension Cost and Net Pension Obligation

The annual pension cost and net pension obligation for the current year were as follows (in thousands of dollars):

| | MSEP | Judicial Plan | MPERS |
|---|---|---|---|
| Annual required contribution | $ 249,770 | $ 26,215 | $ 123,335 |
| Interest on net pension obligation | 5,355 | 3,688 | --- |
| Actuarial adjustment to annual required contribution | (3,782) | (2,605) | --- |
| Annual pension cost | 251,343 | 27,298 | 123,335 |
| Contributions made | (249,770) | (26,215) | (123,335) |
| Increase in net pension obligation | 1,573 | 1,083 | --- |
| Net pension obligation, beginning of year | 62,997 | 43,388 | --- |
| Net pension obligation, end of year | $ 64,570 | $ 44,471 | $ --- |

The annual pension cost, the percentage of annual pension cost contributed to the Plan, and the net pension obligation for three years are as follows (in thousands of dollars):

| | MSEP | | | Judicial Plan | | |
|---|---|---|---|---|---|---|
| | Fiscal Year Ending | | | Fiscal Year Ending | | |
| | 06/30/08 | 06/30/07 | 06/30/06 | 06/30/08 | 06/30/07 | 06/30/06 |
| Annual Pension Cost (APC) | $ 251,343 | $ 241,022 | $ 228,730 | $ 27,298 | $ 24,803 | $ 23,433 |
| Percentage of APC Contributed | 99.37% | 99.36% | 99.35% | 96.03% | 95.73% | 95.60% |
| Net Pension Obligation | $ 64,570 | $ 62,997 | $ 61,463 | $ 44,471 | $ 43,388 | $ 42,331 |

| | MPERS | | |
|---|---|---|---|
| | Fiscal Year Ending | | |
| | 06/30/08 | 06/30/07 | 06/30/06 |
| Annual Pension Cost (APC) | $ 123,335 | $ 121,264 | $ 111,272 |
| Percentage of APC Contributed | 100% | 100% | 100% |
| Net Pension Obligation | $ --- | $ --- | $ --- |

Note 7 - Retirement Systems (cont.)

Funded Status and Funding Progress

The funded status of the Plans as of June 30, 2008, are as follows (in thousands of dollars):

| | MSEP | Judicial Plan | MPERS |
|---|---|---|---|
| Actuarial Value of Assets | $ 7,838,496 | $ 73,194 | $ 1,783,902 |
| Actuarial Accrued Liability (AAL) Entry Age | $ 9,128,348 | $ 354,796 | $ 3,019,634 |
| Unfunded Actuarial Accrued Liability (UAAL) | $ 1,289,852 | $ 281,602 | $ 1,235,732 |
| Funded Ratio | 85.9% | 20.6% | 59.1% |
| Covered Payroll | $ 1,916,527 | $ 44,543 | $ 375,600 |
| UAAL as a Percentage of Covered Payroll | 67.3% | 632.2% | 329.0% |

Actuarial Methods and Assumptions

The annual required contribution for MOSERS for the current year was determined as part of an actuarial valuation of the Systems as of June 30, 2006, using the entry age normal actuarial cost method. Significant actuarial assumptions used in the valuation for MOSERS include: (a) rate of return on the investment of present and future assets of 8.5% per year compounded annually, (b) projected salary increases of 4.0% per year annually, attributable to inflation, (c) additional projected salary increases ranging from 0% to 2.7% per year for MSEP and 0% to 1.6% for the Judicial Plan, depending on age, attributable to seniority and/or merit, and (d) the assumption that benefits will increase 4.0% per year after retirement.

The actuarial valuation of the System dated June 30, 2008, will set the required contribution rates for the fiscal year ending June 30, 2010. The actuarial value of assets is based on a method that fully recognizes expected investment return and averages unanticipated market return over a five-year period. The unfunded actuarial accrued liabilities are amortized on an open basis as a level percentage of payroll over 30 years.

The annual required contribution for MPERS for the current fiscal year was determined as part of an actuarial valuation as of June 30, 2006, using the entry age normal actuarial cost method. Significant actuarial assumptions used in the valuation for MPERS include: (a) rate of return on the investment of 8.25% per year compounded annually, and (b) projected wage inflation rate of 3.75%.

The actuarial valuation of MPERS dated June 30, 2008, will be used to determine the contribution rate for the Plan year ending June 30, 2010. The actuarial value of assets is based on a three-year smoothed market value method. The unfunded actuarial accrued liabilities are amortized as closed, level percentage over 27 years.

Note 7 - Retirement Systems (cont.)

**Public School Retirement System of Missouri:**

The State of Missouri also made employer contributions to the Public School Retirement System of Missouri which is a cost-sharing multiple-employer defined benefit public employees' retirement system. The System includes all public school districts within the State except for the two districts covering the major metropolitan areas. It also includes certain public college and universities and some state employees.

The benefit provisions include retirement annuities, death benefits, and disability benefits. A member is vested after acquiring five years of membership credit for Missouri service.

The System was created and is governed by Chapter 169 of the Revised Statutes of Missouri. State employees who elect to remain with the Public School Retirement System under the Revised Statutes of Missouri, Section 104.342, are covered by the System.

Employees of the State are not required to contribute. The State, as employer, contributed $2,662,000, $2,984,000, and $2,776,000 for the years ending June 30, 2008, 2007, and 2006, respectively, to the System, equal to the required contributions for each year.

Copies of the System's June 30, 2008, Comprehensive Annual Financial Report may be requested from:

Public School Retirement System of Missouri
P.O. Box 268
3210 West Truman Boulevard
Jefferson City, Missouri 65102-0268

**College and Universities:**

University of Missouri Retirement System

Plan Description

The University of Missouri Retirement, Disability, and Death Benefit Plan is a single-employer, defined benefit plan for all qualified employees. The University's Board of Curators establishes the terms of the Plan and administers it as authorized by State statute.

Full-time employees vest in the Retirement Plan after five years of credited service and become eligible for benefits based on age and years of service. A vested employee who retires at age 65 or older is eligible for a lifetime annuity calculated at 2.2% times the credited service years times the compensation base. Vested employees who are at least age 55 and have ten years or more of credited service, or age 60 with at least five years of credited service may choose early retirement with a reduced benefit. However, if the employee retires at age 62 and has at least 25 years of credited service, the benefit is not reduced. At retirement, up to 30% of the retirement annuity value can be taken in a lump sum payment; also the standard annuity can be exchanged for an actuarially-equivalent annuity.

Separate financial statements and supplemental schedules are not prepared for the Plan.

**Note 7 - Retirement Systems (cont.)**

Detailed information concerning the Plan is presented in the University's 2008 financial report, which is publicly available. Copies of this report may be requested from:

University of Missouri System
Office of the Controller
118 University Hall
Columbia, Missouri 65211

Funding Policy

The University's contributions to the Retirement Plan are equal to the actuarially determined Annual Required Contributions, which averaged 8.0% of payroll for the year ended June 30, 2008. The Plan is funded 100% by University contributions and does not require employee contributions. The contribution rate is updated annually on July 1 at the beginning of the University's fiscal year, to the actuarially determined amount from the most recent valuation on the preceding October 1. This actuarial valuation reflects the adoption of any Retirement Plan amendments during the previous fiscal year.

Annual Pension Cost and Net Pension Obligation

The annual pension cost and net pension obligation for the current year were as follows (in thousands of dollars):

| | University of Missouri System |
|---|---|
| Annual required contribution | $ 72,284 |
| Interest on net pension obligation | --- |
| Actuarial adjustment to annual required contribution | --- |
| Annual pension cost | 72,284 |
| Contributions made | (72,284) |
| Change in net pension obligation | --- |
| Net pension obligation, beginning of year | --- |
| Net pension obligation, end of year | $ --- |

The annual pension cost, the percentage of annual pension cost contributed to the Plan, and the net pension obligation for three years are as follows (in thousands of dollars):

| | Fiscal Year Ending | | |
|---|---|---|---|
| | 06/30/08 | 06/30/07 | 06/30/06 |
| Annual Pension Cost (APC) | $ 72,284 | $ 74,736 | $ 64,399 |
| Percentage of APC Contributed | 100% | 100% | 100% |
| Net Pension Obligation | $ --- | $ --- | $ --- |

## Note 7 - Retirement Systems (cont.)

### Funded Status and Funding Progress

The funded status of the Plan as of June 30, 2008, is as follows (in thousands of dollars):

| | Actuarial Valuation October 1, 2007 |
|---|---|
| Actuarial Value of Assets | $ 2,651,535 |
| Actuarial Accrued Liability (AAL) Entry Age | $ 2,555,592 |
| Unfunded Actuarial Accrued Liability (UAAL) | $ (95,943) |
| Funded Ratio | 103.8% |
| Covered Payroll | $ 891,648 |
| UAAL as a Percentage of Covered Payroll | (10.8%) |

### Actuarial Methods and Assumptions

The annual required contribution for the University for the current fiscal year was determined as part of an actuarial valuation of the System as of October 1, 2006, using the entry age normal actuarial cost method. Significant actuarial assumptions used in the valuation include: (a) assumed rate of return on investments of 8.0% per year, (b) projected salary increases for academic and administrative employees averaging 5.2% per year, (c) projected salary increases for clerical and service employees averaging 4.5% per year, and (d) assumed no future retiree ad-hoc increases or cost of living adjustments.

## Note 8 - Other Postemployment Benefits

In addition to the retirement benefits described in *Note 7*, the State provides postemployment health care and life insurance benefits, in accordance with State statutes, to the majority of employees who either retire from the State or receive long-term disability benefits. These benefits are administered by the Missouri Consolidated Health Care Plan (MCHCP), the Missouri State Employees' Retirement System (MOSERS), the MoDOT and MSHP Medical and Life Insurance Plan (MHPML), and the Conservation Employees' Insurance Plan (CEIP). The eligible number of retirees/long-term disability claimants for MCHCP, MHPML, and CEIP for health care benefits are approximately 17,613, 5,497, and 547, respectively. The eligible number of retirees/long-term disability claimants for MOSERS, MHPML, and CEIP for life insurance benefits are 17,138, 3,693, and 375, respectively. Health care benefits are funded through both employer and employee contributions. MOSERS life insurance benefits are funded through employer and employee contributions. MHPML and CEIP life insurance benefits are funded through employee contributions. Employer contribution rates are set in accordance with Section 103.100 of the Revised Statutes of Missouri. Retiree contribution rates are established based on projected claims experience and funding provided by employer contributions. Insurance policies are purchased for life insurance benefits and are the liability of the insurance carrier. For fiscal year 2008, the State's contributions were 60.0% of the total (employer/employee) contributions made for other postemployment benefits.

Note 8 - Other Postemployment Benefits (cont.)

Currently, the number of retirees/long-term disability claimants participating in each plan is as follows:

| | Health Care | Life Insurance |
|---|---|---|
| MCHCP | 17,613 | --- |
| MOSERS | --- | 17,138 |
| MHPML | 5,497 | 3,693 |
| CEIP | 547 | 375 |
| Total | 23,657 | 21,206 |

During fiscal year 2008, the State contributed the following amounts (in thousands of dollars):

| | Health Care | Life Insurance |
|---|---|---|
| MCHCP | $ 68,827 | $ --- |
| MOSERS | --- | 1,908 |
| MHPML | 13,880 | --- |
| CEIP | 1,417 | --- |
| Total | $ 84,124 | $ 1,908 |

During fiscal year 2008, the expenditures recognized by the State for (employer/employee) other postemployment benefits were as follows (in thousands of dollars):

| | Health Care | Life Insurance |
|---|---|---|
| MCHCP | $ 94,399 | $ --- |
| MHPML | 33,634 | 3,558 |
| CEIP | 2,846 | 217 |
| Total | $ 130,879 | $ 3,775 |

Funding Policy

The contribution requirements of MCHCP, MHPML, and CEIP are established and may be amended by the State legislature, Missouri Highways and Transportation Commission, and the Conservation Department Board of Trustees, respectively. The State has partially funded the annual required contribution (ARC) of MCHCP in addition to the pay-as-you-go amount. In fiscal year 2008, the State contributed $15.6 million in addition to pay-as-you-go, and has appropriated $30 million for fiscal year 2009. The required contribution for MHPML and CEIP is based on an actuarial study and is financed on a pay-as-you-go basis. For fiscal year 2008, MCHCP, MHPML, and CEIP contributed $68.8, $25.2, and $2.2 million, respectively.

**Note 8 - Other Postemployment Benefits (cont.)**

Annual OPEB Cost and Net OPEB Obligation

The MCHCP, MHPML, and CEIP annual other postemployment benefit (OPEB) cost is calculated based on the annual required contribution (ARC) of the employer, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of MCHCP, MHPML, and CEIP annual OPEB cost for the year, the amount actually contributed to the Plan, and changes in the net OPEB obligation (in thousands of dollars):

| | MCHCP | MHPML | CEIP |
|---|---|---|---|
| Annual required contribution | $ 104,471 | $ 96,308 | $ 8,126 |
| Contributions made | (68,827) | (25,241) | (2,193) |
| Increase in net OPEB obligation | 35,644 | 71,067 | 5,933 |
| Net OPEB obligation, beginning of year | --- | --- | --- |
| Net OPEB obligation, end of year | $ 35,644 | $ 71,067 | $ 5,933 |

The annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation for fiscal year 2008 are as follows (in thousands of dollars):

| | Fiscal Year Ending June 30, 2008 | | |
|---|---|---|---|
| | MCHCP | MHPML | CEIP |
| Annual Required Contribution (ARC) | $ 104,471 | $ 96,308 | $ 8,126 |
| Percentage of ARC Contributed | 65.9% | 26.2% | 27.0% |
| Net OPEB Obligation | $ 35,644 | $ 71,067 | $ 5,933 |

Funded Status and Funding Progress

The funded status of the Plans as of June 30, 2008, are as follows (in thousands of dollars):

| | MCHCP | MHPML | CEIP |
|---|---|---|---|
| Actuarial accrued liability | $ 1,276,300 | $ 935,678 | $ 109,436 |
| Actuarial value of plan assets | 15,646 | --- | --- |
| Unfunded actuarial accrued liability | $ 1,260,654 | $ 935,678 | $ 109,436 |
| Funded Ratio | 1.2% | 0.0% | 0.0% |
| Covered Payroll | $ 1,572,900 | $ 375,984 | $ 67,141 |
| Unfunded actuarial accrued liability as a percentage of covered payroll | 80.1% | 248.9% | 163.0% |

Note 8 - Other Postemployment Benefits (cont.)

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the actuarial valuation for fiscal year ending June 30, 2008, MCHCP used the entry-age method while MHPML and CEIP used the projected unit credit cost method. The actuarial assumptions for MCHCP, MHPML, and CEIP include a 7.8%, 5%, and 4.5% discount rate, respectively. The projected annual health care cost trend rate is 10% initially, then decreasing by 1% per year to an ultimate rate of 5%. The UAAL is being amortized at a level dollar amount over an open basis, over a 30-year period.

**College and Universities:**

University of Missouri System

In addition to the retirement benefits described in *Note 7*, the University provides postemployment medical care, dental care, and life insurance benefits to eligible employees who retire from the University and to employees receiving long-term disability benefits. Currently, 5,642 retirees/long-term disability claimants meet the eligibility requirements. These postemployment benefits are funded through both employer and employee contributions. For fiscal year 2008, the University's contributions were 81.84% of the total (employer/employee) contributions made for other postemployment benefits.

Currently, the number of retirees/long-term disability claimants participating in medical care, dental care, and life insurance are 4,890, 4,694, and 2,667, respectively. During fiscal year 2008, the University contributed $53,460,000 for other postemployment benefits. The expenditures recognized by the University for (employer/employee) other postemployment benefits were $33,702,000.

Funding Policy

In June 2008, the University established its OPEB Trust Fund, the assets of which are irrevocable and legally protected from creditors and dedicated to providing postemployment benefits in accordance with terms of the Plan. Previously, postemployment benefit costs other than long-term disability were funded on a current basis, and expenses were recorded on a pay-as-you-go basis. Long-term disability costs were recognized during the period in which the employee became eligible to receive disability benefits.

The University's OPEB Trust Fund does not issue a separate financial report, but is included in the University's financial report using the economic resources measurement focus and accrual basis of accounting. The University currently plans to contribute to the trust fund an amount that, in addition to the current year premium contributions, is sufficient to fund 50% of the annual required contribution (ARC).

Note 8 - Other Postemployment Benefits (cont.)

Annual OPEB Cost and Net OPEB Obligation

The University's annual other postemployment benefit (OPEB) cost is calculated based on the annual required contribution (ARC) of the employer, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the University's annual OPEB cost for the year, the amount actually contributed to the Plan, and changes in the University's net OPEB obligation for fiscal year 2008 (in thousands of dollars):

| | University of Missouri System |
|---|---|
| Annual required contribution | $ 53,310 |
| Contributions made | (53,460) |
| Increase in net OPEB obligation (asset) | (150) |
| Net OPEB obligation, beginning of year | --- |
| Net OPEB obligation (asset), end of year | $ (150) |

The annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation for fiscal year 2008 was as follows (in thousands of dollars):

| | University of Missouri System |
|---|---|
| Annual Required Contribution (ARC) | $ 53,310 |
| Percentage of ARC Contributed | 100.3% |
| Net OPEB Obligation (asset) | $ (150) |

Funded Status and Funding Progress

The funded status of the Plan as of June 30, 2008, was as follows (in thousands of dollars):

| | University of Missouri System |
|---|---|
| Actuarial accrued liability | $ 546,058 |
| Actuarial value of plan assets | --- |
| Unfunded actuarial accrued liability | $ 546,058 |
| Funded Ratio | 0% |
| Covered Payroll | $ 883,614 |
| Unfunded actuarial accrued liability as a percentage of covered payroll | 61.8% |

## Note 8 - Other Postemployment Benefits (cont.)

Actuarial Methods and Assumptions

In the July 1, 2006, actuarial valuation, University of Missouri System used the projected unit credit cost method. The actuarial assumptions for University of Missouri System included a 6.75% rate of return, net of administrative expenses. The projected annual health care cost trend rate is 7.0% to 11.5% initially, reduced by 0.5% decrements to an ultimate rate of 4.5%. The UAAL is being amortized at a level dollar amount over an open basis, level percent of pay, over a 30-year period.

## Note 9 - Deferred Compensation

**Missouri State Public Employees' Deferred Compensation Plan:**

In accordance with Internal Revenue Code Section 457, the State offers all employees the opportunity to participate in the Missouri State Public Employees' Deferred Compensation Plan. Under the Plan, employees are permitted to defer a portion of their current salary until future years.

All amounts of compensation deferred under the Plan must be held in a trust, custodial account or annuity contract for the exclusive benefit of Plan participants and their beneficiaries. Investments are managed by the Plan's trustee under one of several investment options, or a combination thereof. The choice between the investment option(s) available by the Plan is made by the participants.

Copies of the Plan's financial statements may be requested from:

ING
One Heritage Drive
North Quincy, Massachusetts 02171

**Missouri State Employees' Deferred Compensation Incentive Plan:**

The Plan was established by the Missouri State Public Employees' Deferred Compensation Commission in July 1995 pursuant to Section 401(a) of the Internal Revenue Code. As of July 1, 2008, it is administered by ING.

Under the Plan provisions, any employee of the State is eligible to participate in the Plan if he/she has been an employee of the State for at least 12 consecutive months preceding any employer contributions to the Plan, and is making continuous monthly deferrals of at least $25 to the Missouri State Public Employees' Deferred Compensation Plan. The State, subject to appropriation, contributes $25 per month for each employee that meets these requirements. Participating employees are 100% vested.

The first employer contributions to the Plan were made in January 1996. During fiscal year 2008, employer contributions to CitiStreet were $16,663,000.

Copies of the Plan's financial statements may be requested from:

ING
One Heritage Drive
North Quincy, Massachusetts 02171

The 401(a) deferred compensation plan and the 457 deferred compensation plan displayed in the Pension (and Other Employee Benefit) Trust Funds statement presents 18 months of activity ended June 30, 2008.

## Note 10 - Changes in Short-Term Liabilities

Budget reserve loans are issued to the General Revenue Fund and other funds to maintain adequate cash balances for anticipated payments.

The following is a summary of the changes in short-term liabilities for the year ended June 30, 2008 (in thousands of dollars):

| | Balance July 1, 2007 | Increases | Decreases | Balance June 30, 2008 |
|---|---|---|---|---|
| **Governmental Activities:** | | | | |
| Budget Reserve Loans | $ --- | $ 128,142 | $ (128,142) | $ --- |

## Note 11 - Changes in Long-Term Liabilities

The following is a summary of changes in long-term liabilities for the year ended June 30, 2008 (in thousands of dollars):

| | *Balance July 1, 2007 | Increases | Decreases | Balance June 30, 2008 | Due Within One Year |
|---|---|---|---|---|---|
| **Governmental Activities:** | | | | | |
| Due to Other Entities | $ 34,538 | $ 10,811 | $ (5,407) | $ 39,942 | $ 3,701 |
| General Obligation Bonds Payable | 684,515 | 50,000 | (68,350) | 666,165 | 65,055 |
| Other Bonds Payable | 2,660,875 | 526,800 | (103,005) | 3,084,670 | 124,720 |
| Unamortized Bond Premium | 158,803 | 28,361 | (22,427) | 164,737 | --- |
| Obligations under Lease/ Purchases | 226,511 | 71,883 | (46,953) | 251,441 | 28,354 |
| Compensated Absences | 171,777 | 179,398 | (175,196) | 175,979 | 175,196 |
| Claims Liabilities | 192,174 | 405,724 | (394,936) | 202,962 | 128,981 |
| Contingent Liabilities | 82,922 | --- | (42,835) | 40,087 | 40,087 |
| 2nd Injury Fund Contingent Liabilities | 1,112,023 | 204,100 | (68,110) | 1,248,013 | 68,110 |
| Net Other Postemployment Benefit Obligation | --- | 208,905 | (96,261) | 112,644 | --- |
| Net Pension Obligation | 106,385 | 401,976 | (399,320) | 109,041 | --- |
| Total Governmental Activities | $ 5,430,523 | $ 2,087,958 | $ (1,422,800) | $ 6,095,681 | $ 634,204 |
| **Business-Type Activities:** | | | | | |
| Claims Liabilities | $ 116,056 | $ 16,324 | $ (15,647) | $ 116,733 | $ 15,000 |
| Grand Prize Winner Liability | 102,971 | 46,421 | (45,273) | 104,119 | 48,753 |
| Compensated Absences | 2,682 | 2,584 | (2,577) | 2,689 | 2,577 |
| Total Business-Type Activities | $ 221,709 | $ 65,329 | $ (63,497) | $ 223,541 | $ 66,330 |

*Beginning balances as of July 1, 2007 have been restated (see *Note 17*).

## Note 12 - Bonds Payable

Bonds are long-term liabilities and are reconciling items from governmental fund financial statements to government-wide financial statements. On the Government-Wide Statement of Net Assets, the long-term liabilities are shown as the amounts due within one year from the date of the statement and the amounts due in more than one year from the date of the statement.

General Obligation Bonds:

The Board of Fund Commissioners of the State of Missouri, upon voter approval and subsequent authorization of the General Assembly, issues general obligation bonds that are secured by a pledge of the full faith, credit, and resources of the State. The principal and interest amounts are transferred one year in advance from the General Fund or other funds to the debt service funds from which principal and interest payments are made. Four types of general obligation bonds are currently outstanding. Proceeds from the Water Pollution Control Bonds were used to provide funds for the protection of the environment through the control of water pollution. Proceeds from the Third State Building Bonds were used to provide funds for improvements of state buildings and property. Proceeds from the Fourth State Building Bonds were used to provide funds for improvements of buildings and property of higher education institutions, Department of Corrections, and the Division of Youth Services. Proceeds from the Stormwater Control Bonds were used to provide funds to protect the environment through the control of stormwater.

To take advantage of lower interest rates, the Board of Fund Commissioners has issued bonds to refund various outstanding bond issues. The following indicates the refunding bonds issued by the Board (in thousands of dollars):

| | Date Issued | Amount Issued | Series Refunded | Amount Refunded |
|---|---|---|---|---|
| Water Pollution Control Bonds: | | | | |
| Series A 1987 Refunding | 8/1/87 | $ 49,715 | A 1981 | $ 16,940 |
| | | | B 1983 | 9,625 |
| | | | A 1985 | 19,575 |
| Series B 1991 Refunding | 11/1/91 | 17,435 | A 1983 | 16,415 |
| Series C 1991 Refunding | 11/1/91 | 33,575 | B 1987 | 30,695 |
| Series B 1992 Refunding | 8/15/92 | 50,435 | A 1986 | 46,400 |
| Series B 1993 Refunding | 8/1/93 | 109,415 | A 1987 Refunding | 33,240 |
| | | | A 1989 | 27,280 |
| | | | A 1991 | 27,350 |
| | | | B 1991 Refunding | 11,355 |
| Series B 2002 Refunding | 10/15/02 | 147,710 | C 1991 Refunding | 21,875 |
| | | | A 1992 | 26,560 |
| | | | B 1992 Refunding | 33,595 |
| | | | A 1993 | 22,350 |
| | | | A 1995 | 22,520 |
| | | | A 1996 | 25,900 |
| Series A 2003 Refunding | 10/29/03 | 74,655 | B 1993 Refunding | 76,540 |
| Series A 2005 Refunding | 6/29/05 | 95,100 | A 1996 | 2,160 |
| | | | A 1998 | 28,680 |
| | | | A 1999 | 17,595 |
| | | | A 2003 Refunding | 51,535 |

Note 12 - Bonds Payable (cont.)

| | Date Issued | Amount Issued | Series Refunded | Amount Refunded |
|---|---|---|---|---|
| Third State Building Bonds: | | | | |
| Series A 1987 Refunding | 8/1/87 | 170,115 | B 1983 | 33,675 |
| | | | A 1984 | 48,130 |
| | | | A 1985 | 73,375 |
| Series A 1991 Refunding | 11/1/91 | 34,870 | A 1983 | 32,835 |
| Series B 1991 Refunding | 11/1/91 | 71,955 | B 1987 | 65,780 |
| Series A 1992 Refunding | 8/15/92 | 273,205 | A 1986 | 251,355 |
| Series A 1993 Refunding | 8/1/93 | 148,480 | A 1987 Refunding | 113,725 |
| | | | A 1991 Refunding | 22,935 |
| Series A 2002 Refunding | 10/15/02 | 211,630 | B 1991 Refunding | 47,320 |
| | | | A 1992 Refunding | 181,170 |
| Series A 2003 Refunding | 10/29/03 | 75,650 | A 1993 Refunding | 79,380 |
| Fourth State Building Bonds: | | | | |
| Series A 2002 Refunding | 10/15/02 | 154,840 | A 1995 | 56,300 |
| | | | A 1996 | 92,485 |
| Series A 2005 Refunding | 6/29/05 | 45,330 | A 1996 | 7,715 |
| | | | A 1998 | 40,970 |
| Stormwater Control Bonds: | | | | |
| Series A 2005 Refunding | 6/29/05 | 17,175 | A 1999 | 17,595 |

The additional principal amount of the refunding bonds does not decrease the amount of the authorization.

As of June 30, 2008, $594,494,240 of the Water Pollution Control Bonds; $600,000,000 of the Third State Building Bonds; $250,000,000 of the Fourth State Building Bonds; and $45,000,000 of the Stormwater Control Bonds have been issued. The remaining authorization for the Water Pollution Control Bonds is $130,505,760 and for Stormwater Control Bonds is $155,000,000. There is no remaining authorization for the Third State Building Bonds or the Fourth State Buildings Bonds.

General obligation bonds issued and outstanding as of June 30, 2008, were as follows (in thousands of dollars):

| | Interest Rates | Payment Dates | Issue Date | Final Maturity Date | Issued | Outstanding |
|---|---|---|---|---|---|---|
| Water Pollution Control Bonds: | | | | | | |
| Series A 2001 | 4.0 - 7.0% | 12/1; 6/1 | 6/01 | 6/1/26 | $ 20,000 | $ 16,265 |
| Series A 2002 | 3.0 - 5.25% | 2/1; 8/1 | 8/02 | 8/1/27 | 30,000 | 26,185 |
| Series B 2002 - Refunding | 3.375- 5.0% | 4/1; 10/1 | 10/02 | 10/1/21 | 147,710 | 109,395 |
| Series A 2003 - Refunding | 3.25 - 6.0% | 2/1; 8/1 | 10/03 | 8/1/16 | 74,655 | 20,405 |
| Series A 2005 - Refunding | 5.0% | 10/1; 4/1 | 6/05 | 10/1/16 | 95,100 | 95,100 |
| Series A 2007 | 4.0 - 5.0% | 6/1; 12/1 | 11/07 | 12/1/32 | 50,000 | 50,000 |
| Third State Building Bonds: | | | | | | |
| Series A 2002 - Refunding | 4.0 - 5.0% | 4/1; 10/1 | 10/02 | 10/1/12 | 211,630 | 96,440 |
| Series A 2003 - Refunding | 3.25 - 6.0% | 2/1; 8/1 | 10/03 | 8/1/12 | 75,650 | 24,890 |
| Fourth State Building Bonds: | | | | | | |
| Series A 2002 - Refunding | 3.375- 5.0% | 4/1; 10/1 | 10/02 | 10/1/21 | 154,840 | 145,590 |
| Series A 2005 - Refunding | 5.0% | 10/1; 4/1 | 6/05 | 10/1/16 | 45,330 | 45,330 |
| Stormwater Control Bonds: | | | | | | |
| Series A 2001 | 4.0 - 7.0% | 12/1; 6/1 | 6/01 | 6/1/26 | 10,000 | 7,935 |
| Series A 2002 | 3.0 - 5.25% | 2/1; 8/1 | 8/02 | 8/1/27 | 15,000 | 11,455 |
| Series A 2005 - Refunding | 5.0% | 10/1; 4/1 | 6/05 | 10/1/15 | 17,175 | 17,175 |
| Total General Obligation Bonds | | | | | $ 947,090 | $ 666,165 |
| Less: Amount in Sinking Fund for payment of Principal | | | | | | (65,055) |
| | | | | | | $ 601,110 |

Note 12 - Bonds Payable (cont.)

As of June 30, 2008, general obligation debt service requirements for principal and interest in future years were as follows (in thousands of dollars):

| Fiscal Year Ended June 30 | Principal | Interest | Totals |
|---|---|---|---|
| 2009 | $ 65,055 | $ 30,347 | $ 95,402 |
| 2010 | 71,165 | 26,949 | 98,114 |
| 2011 | 69,650 | 23,443 | 93,093 |
| 2012 | 58,040 | 20,295 | 78,335 |
| 2013 | 51,790 | 17,648 | 69,438 |
| 2014-2018 | 218,785 | 55,061 | 273,846 |
| 2019-2023 | 87,705 | 18,532 | 106,237 |
| 2024-2028 | 29,055 | 6,839 | 35,894 |
| 2029-2033 | 14,920 | 1,771 | 16,691 |
| Totals | $ 666,165 | $ 200,885 | $ 867,050 |

Other Bonds:

The Board of Public Buildings of the State of Missouri, upon the approval of the General Assembly, issues revenue bonds for building projects and commits state agencies to lease space in these buildings. The General Assembly appropriates to the Board, on behalf of the state agencies, amounts sufficient to pay the principal and interest on the bonds, maintain certain required reserves, and to pay the costs of operations. The total amount authorized for the Board equals $945,000,000.

To take advantage of lower interest rates, the Board of Public Buildings has issued bonds to refund various outstanding bond issues. The following indicates the refunding bonds issued by the Board (in thousands of dollars):

| | Date Issued | Amount Issued | Series Refunded | Amount Refunded |
|---|---|---|---|---|
| Board of Public Buildings: | | | | |
| Series A 1983 Refunding | 10/1/83 | $ 43,445 | A 1981 | $ 43,445 |
| Series A 1985 Refunding | 12/1/85 | 150,560 | 1966 | 2,160 |
| | | | 1967 | 825 |
| | | | A 1978 | 11,745 |
| | | | A 1979 | 2,260 |
| | | | A 1980 | 3,795 |
| | | | A 1983 Refunding | 39,875 |
| | | | A 1984 | 89,900 |
| Series A 1991 Refunding | 12/1/91 | 148,500 | A 1985 Refunding | 107,700 |
| | | | A 1988 | 19,165 |
| | | | B 1988 | 2,550 |
| | | | C 1988 | 2,145 |
| Series B 2001 Refunding | 10/10/01 | 83,465 | A 1991 Refunding | 86,810 |

The additional principal amount of the refunding bonds does not decrease the amount of the authorization.

As of June 30, 2008, the Board of Public Buildings Bonds had issued $871,205,000 of the bond authorization. The remaining authorization is $73,795,000.

Note 12 - Bonds Payable (cont.)

The Board of Public Buildings Bonds issued and outstanding as of June 30, 2008, were as follows (in thousands of dollars):

| | Interest Rates | Payment Dates | Issue Date | Final Maturity Date | Issued | Outstanding |
|---|---|---|---|---|---|---|
| Board of Public Buildings: | | | | | | |
| Series A 2001 | 4.25 - 5.75% | 5/1; 11/1 | 5/01 | 5/1/26 | $ 173,870 | $ 143,210 |
| Series B 2001 - Refunding | 3.5 - 5.5% | 6/1; 12/1 | 10/01 | 12/1/12 | 83,465 | 27,640 |
| Series A 2003 | 4.0 - 6.0% | 4/15;10/15 | 4/03 | 10/15/28 | 387,425 | 365,130 |
| Series A 2006 | 4.0 - 5.0% | 4/1; 10/1 | 10/06 | 10/1/31 | 120,000 | 117,350 |
| Total Board of Public Buildings Bonds | | | | | $ 764,760 | $ 653,330 |

As of June 30, 2008, the debt service requirements for principal and interest in future years for the Board of Public Buildings Bonds were as follows (in thousands of dollars):

| Fiscal Year Ended June 30 | Principal | Interest | Totals |
|---|---|---|---|
| 2009 | $ 30,000 | $ 31,720 | $ 61,720 |
| 2010 | 31,175 | 30,127 | 61,302 |
| 2011 | 22,950 | 28,702 | 51,652 |
| 2012 | 23,815 | 27,551 | 51,366 |
| 2013 | 24,675 | 26,267 | 50,942 |
| 2014-2018 | 128,135 | 112,170 | 240,305 |
| 2019-2023 | 159,980 | 77,162 | 237,142 |
| 2024-2028 | 177,145 | 34,479 | 211,624 |
| 2029-2032 | 55,455 | 3,414 | 58,869 |
| Totals | $ 653,330 | $ 371,592 | $ 1,024,922 |

The Health and Educational Facilities Authority issued $35,000,000 of Educational Facilities Revenue Bonds (University of Missouri-Columbia Arena Project), Series 2001, dated November 1, 2001, to fund the design, acquisition, construction, furnishing, and equipping of a sports arena facility and related facilities on the University of Missouri-Columbia campus. These bonds are limited obligations of the Authority and do not constitute a pledge of the full faith and credit of the State. However, under a financing agreement dated November 1, 2001, the Office of Administration will request that the Governor's annual budget request to the General Assembly include the State's financing amount for principal and interest each year.

The Educational Facilities Revenue Bonds issued and outstanding as of June 30, 2008, were as follows (in thousands of dollars):

| | Interest Rates | Payment Dates | Issue Date | Final Maturity Date | Issued | Outstanding |
|---|---|---|---|---|---|---|
| Educational Facilities Revenue Bonds: | | | | | | |
| Series 2001 | 3.0 - 5.0% | 5/1; 11/1 | 11/01 | 11/1/21 | $ 35,000 | $ 29,370 |

Note 12 - Bonds Payable (cont.)

As of June 30, 2008, the debt service requirement of the State for principal and interest in future years for the Educational Facilities Revenue Bonds (based on the financing agreement between the State and the Authority) were as follows (in thousands of dollars):

| Fiscal Year Ended June 30 | Principal | Interest | Totals |
|---|---|---|---|
| 2009 | $ 1,545 | $ 1,349 | $ 2,894 |
| 2010 | 1,610 | 1,281 | 2,891 |
| 2011 | 1,685 | 1,199 | 2,884 |
| 2012 | 1,760 | 1,112 | 2,872 |
| 2013 | 1,835 | 1,031 | 2,866 |
| 2014-2018 | 10,505 | 3,844 | 14,349 |
| 2019-2022 | 10,430 | 1,035 | 11,465 |
| Totals | $ 29,370 | $ 10,851 | $ 40,221 |

The Regional Convention and Sports Complex Authority issued $132,910,000 of Convention and Sports Facility Project Bonds, Series A 1991, dated August 15, 1991, to finance the costs of acquiring land and constructing a multi-purpose convention and indoor sports facility in downtown St. Louis, Missouri. On December 15, 1993, the Authority issued $121,705,000 of Convention and Sports Facility Project Refunding Bonds, Series A 1993 for the purpose of refunding the callable portions of the outstanding bonds issued in August 1991 and to pay the costs of additions and enhancements to the project. The outstanding principal amount refunded was $101,410,000. On August 1, 2003, the Authority issued $116,030,000 of Convention and Sports Facility Project Refunding Bonds, Series A 2003 for the purpose of refunding Convention and Sports Facility Project Bonds, Series A 1991 and Series A 1993 refunding bonds and to pay the costs of additions and enhancements to the project. The outstanding principal amount refunded was $2,845,000 for the Series A 1991 bonds and $113,170,000 for the Series A 1993 refunding bonds. These bonds are limited obligations of the Authority and do not constitute a pledge of the full faith and credit of the State.

The Convention and Sports Facility Project Bonds issued and outstanding as of June 30, 2008, were as follows (in thousands of dollars):

| | Interest Rates | Payment Dates | Issue Date | Final Maturity Date | Issued | Outstanding |
|---|---|---|---|---|---|---|
| Convention and Sports Facility Project Bonds: | | | | | | |
| Series A 2003 - Refunding | 1.42-5.375% | 2/15; 8/15 | 8/03 | 8/15/21 | $ 116,030 | $ 98,200 |

As of June 30, 2008, the debt service requirements for these bonds are as follows (in thousands of dollars):

| Fiscal Year Ended June 30 | Principal | Interest | Totals |
|---|---|---|---|
| 2009 | $ 4,985 | $ 4,894 | $ 9,879 |
| 2010 | 5,225 | 4,654 | 9,879 |
| 2011 | 5,465 | 4,392 | 9,857 |
| 2012 | 5,745 | 4,104 | 9,849 |
| 2013 | 6,040 | 3,799 | 9,839 |
| 2014-2018 | 35,275 | 13,788 | 49,063 |
| 2019-2022 | 35,465 | 3,627 | 39,092 |
| Totals | $ 98,200 | $ 39,258 | $ 137,458 |

Note 12 - Bonds Payable (cont.)

Under a financing agreement dated August 1, 1991, the Office of Administration will request that the Governor's annual budget request to the General Assembly include the State's financing amount of $10,000,000 for principal and interest and $2,000,000 for maintenance each year. Future payments to the Authority related to the bond repayment are as follows (in thousands of dollars):

| Fiscal Year Ended June 30 | State Debt Service Payments |
|---|---|
| 2009 | $ 10,000 |
| 2010 | 10,000 |
| 2011 | 10,000 |
| 2012 | 10,000 |
| 2013 | 10,000 |
| 2014-2018 | 50,000 |
| 2019-2022 | 35,000 |
| Total | $ 135,000 |

The Missouri Highways and Transportation Commission authorized by Article IV, Section 29-34 of the Missouri Constitution and Section 226.133 and 226.134 of the State Highway Act, issues bonds for highway construction and repairs. Under the Missouri Constitution, the principal and interest of the State Road Bonds are payable solely from the revenues of the Missouri Road Fund.

On December 1, 2000, the Commission issued $250,000,000 of State Road Bonds, Series A 2000. In October 2001, the Commission issued $200,000,000 of State Road Bonds, Series A 2001. State Road Bonds, Series A 2002, were issued by the Commission in June 2002 with a principal amount of $203,000,000. In November 2003, the Commission issued $254,000,000 of State Road Bonds, Series A 2003. The Commission issued $278,660,000 of Series A 2005 First Lien State Road Bonds in July 2005. Also in July 2005, the Commission issued $72,000,000 of Third Lien State Road Bonds, Series B 2005. This is a variable rate bond with interest accruing daily and weekly. The interest rate is adjusted weekly. The Commission issued $296,670,000 of Series A 2006 First Lien State Road Bonds on August 1, 2006. Series B 2006 First Lien State Road Bonds was issued in the amount of $503,330,000 by the Commission on August 1, 2006. The Commission issued Series 2006 Senior Lien Refunding State Road Bonds dated December 1, 2006, in the amount of $394,870,000. This refunded $135,980,000 of Series A 2000, $105,075,000 of Series A 2001, $109,165,000 of Series A 2002, and $57,390,000 of Series A 2003. The Commission issued $526,800,000 of Series 2007 Second Lien State Road Bonds dated September 12, 2007. In conjunction with the bond sale, the scheduled settlement of an interest rate swap resulted in a termination payment of $11,118,000 from bond proceeds. The competitively-bid swap transaction consisted of $400,000,000 forward (delayed) start, floating-to-fixed interest rate swap, whereby the Commission paid the counterparties a fixed all-in rate of 4.2121% and received the SIFMA Index. This swap enabled the Commission to reduce risk variations in its debt service costs between the trade date of the swap and issuance date of the bonds by allowing for the lock-in of long-term rates 13 months forward to the bond issue date.

The Senior Bonds are comprised of the Series A 2000, Series A 2001, Series A 2002, and Series A 2003. No new bonds may be added to the Senior Bonds. State Road Bonds have the following levels of priority: Senior Bonds, First Lien Bonds, Second Lien Bonds, and Third Lien Bonds. As of June 30, 2008, the Missouri Highways and Transportation Commission had issued $2,584,460,000.

Note 12 - Bonds Payable (cont.)

The State Road Bonds issued and outstanding as of June 30, 2008, were as follows (in thousands of dollars):

| | Interest Rates | Payment Dates | Issue Date | Final Maturity Date | Issued | Outstanding |
|---|---|---|---|---|---|---|
| Missouri Highways and Transportation Commission: | | | | | | |
| State Road Bonds | | | | | | |
| Series A 2000 | 4.30-5.625% | 2/1; 8/1 | 12/00 | 2/1/20 | $ 250,000 | $ 49,700 |
| Series A 2001 | 2.25-5.125% | 2/1; 8/1 | 10/01 | 2/1/21 | 200,000 | 48,890 |
| Series A 2002 | 3.00-5.25% | 2/1; 8/1 | 6/02 | 2/1/22 | 203,000 | 54,670 |
| Series A 2003 | 2.00-5.00% | 2/1; 8/1 | 11/03 | 2/1/23 | 254,000 | 157,445 |
| Series A 2005-First Lien | 2.50-5.00% | 11/1; 5/1 | 7/05 | 5/1/15 | 278,660 | 206,785 |
| Series B 2005-Third Lien | Variable | Variable | 7/05 | 5/1/15 | 72,000 | 58,920 |
| Series A 2006-First Lien | 3.75-5.00% | 5/1; 11/1 | 8/06 | 5/1/21 | 296,670 | 296,670 |
| Series B 2006-First Lien | 4.50-5.00% | 5/1; 11/1 | 8/06 | 5/1/26 | 503,330 | 503,330 |
| Series 2006-Refunding | 4.00-5.00% | 2/1; 8/1 | 12/06 | 2/1/22 | 394,870 | 394,870 |
| Series 2007 | 4.00-5.25% | 11/1; 5/1 | 9/07 | 5/1/27 | 526,800 | 526,800 |
| Total Missouri Highways and Transportation Commission | | | | | $ 2,979,330 | $ 2,298,080 |

As of June 30, 2008, debt service requirements for principal and interest in future years for the Missouri Highways and Transportation Commission were as follows (in thousands of dollars):

| Fiscal Year Ended June 30 | Principal | Interest[1] | Totals |
|---|---|---|---|
| 2009 | $ 84,890 | $ 110,947 | $ 195,837 |
| 2010 | 88,285 | 107,071 | 195,356 |
| 2011 | 92,745 | 102,936 | 195,681 |
| 2012 | 113,780 | 98,420 | 212,200 |
| 2013 | 122,335 | 93,556 | 215,891 |
| 2014-2018 | 679,005 | 381,035 | 1,060,040 |
| 2019-2023 | 730,410 | 203,280 | 933,690 |
| 2024-2027 | 386,630 | 40,761 | 427,391 |
| Totals | $ 2,298,080 | $ 1,138,006 | $ 3,436,086 |

[1] The annual debt service schedule assumes an interest rate of 1.32%, representing the interest rate at June 30, 2008, for the Series B 2005 bonds. During the year, interest rates ranged from 0.96% to 3.96%.

In addition, several of the blended component units of the Missouri Road Fund had revenue bonds issued and outstanding as of June 30, 2008.

The Missouri Highway 179 Transportation Corporation, a blended component unit of the Missouri Road Fund, issued $22,930,000 of Highway Revenue Bonds, Series 1997 dated December 1, 1997, to finance a portion of the cost of an extension of Missouri Highway 179. These bonds are not an obligation of the Commission and do not constitute a pledge of the full faith and credit of the State.

Note 12 - Bonds Payable (cont.)

The Wentzville Parkway Transportation Corporation, a blended component unit of the Missouri Road Fund, issued $12,935,000 of Transportation Revenue Bonds, Series 2001 dated May 1, 2001, to finance the expansion and reconstruction of the interchange at Interstate Highway 70 and Wentzville Parkway in St. Charles County. These bonds are not an obligation of the Commission and do not constitute a pledge of the full faith and credit of the State.

The revenue bonds issued and outstanding as of June 30, 2008, were as follows (in thousands of dollars):

| | Interest Rates | Payment Dates | Issue Date | Final Maturity Date | Issued | Outstanding |
|---|---|---|---|---|---|---|
| Missouri Highway 179 Transportation Corporation: | | | | | | |
| Highway Revenue Bonds Series 1997 | 3.95 - 5.25% | 3/1; 9/1 | 12/97 | 9/1/08 | $ 22,930 | $ 2,785 |
| Wentzville Parkway Transportation Corporation: | | | | | | |
| Transportation Revenue Bonds Series 2001 | 3.4 - 4.9% | 2/1; 8/1 | 5/01 | 8/1/10 | $ 12,935 | $ 2,905 |

As of June 30, 2008, debt service requirements for principal and interest in future years for the bonds of the blended component units of the Missouri Road Fund were as follows (in thousands of dollars):

| Fiscal Year Ended June 30 | Principal | Interest | Totals |
|---|---|---|---|
| 2009 | $ 3,300 | $ 202 | $ 3,502 |
| 2010 | 535 | 104 | 639 |
| 2011 | 1,855 | 45 | 1,900 |
| Totals | $ 5,690 | $ 351 | $ 6,041 |

Under a funding agreement dated April 6, 2001, the City of Wentzville will make payments to the Wentzville Parkway Transportation Corporation in the amount of $4,119,000 to pay a portion of the principal of the bonds. The future payments to the Corporation are as follows (in thousands of dollars):

| Fiscal Year Ended June 30 | Principal | Interest | City's Total Payments |
|---|---|---|---|
| 2009 | $ 515 | $ 129 | $ 644 |
| 2010 | 535 | 104 | 639 |
| 2011 | 1,855 | 45 | 1,900 |
| Totals | $ 2,905 | $ 278 | $ 3,183 |

Note 12 - Bonds Payable (cont.)

Component Units' Long-Term Debt - The following bonds are included in the balance sheet of the college and universities and the non-major component units.

Major

College and Universities:

The college and universities of the State issue revenue bonds for various projects on each respective campus. Bonds are payable, both principal and interest, only out of net income and revenues arising from operations of facilities funded by the bonds. As of June 30, 2008, debt service requirements for principal and interest for the college and universities were as follows (in thousands of dollars):

| Fiscal Year Ended June 30 | Principal | Interest | Totals |
|---|---|---|---|
| 2009 | $ 38,983 | $ 55,717 | $ 94,700 |
| 2010 | 43,434 | 54,296 | 97,730 |
| 2011 | 44,366 | 52,521 | 96,887 |
| 2012 | 43,071 | 50,719 | 93,790 |
| 2013 | 45,183 | 48,891 | 94,074 |
| 2014-2018 | 246,501 | 215,108 | 461,609 |
| 2019-2023 | 259,492 | 161,767 | 421,259 |
| 2024-2028 | 300,537 | 102,693 | 403,230 |
| 2029-2033 | 217,867 | 47,763 | 265,630 |
| 2034-2038 | 123,955 | 13,684 | 137,639 |
| 2039 | 3,885 | 20 | 3,905 |
| Totals [1] | $ 1,367,274 | $ 803,179 | $ 2,170,453 |

[1] The bond schedule does not include notes payable, therefore, it differs from the bonds and notes payable amount reported in the statements.

Non-Major

Missouri Development Finance Board:

In December 2000, the Board issued $6,500,000 and $14,600,000 in Facilities Revenue Bonds Series 2000B and 2000C, respectively for the purpose of paying the costs of acquiring land and constructing a parking garage. Bonds are payable, both principal and interest, only out of revenues derived from the operation of the parking garage.

In October 2004, the Board issued $9,500,000 in Ninth Street Garage Series 2004A, taxable infrastructure facilities revenue bonds; and $7,000,000 Ninth Street Garage Series 2004B, tax exempt infrastructure facilities revenue bonds.

Note 12 - Bonds Payable (cont.)

The Missouri Development Finance Board Revenue Bonds issued and outstanding as of June 30, 2008, were as follows (in thousands of dollars):

| | Interest Rates | Payment Dates | Issue Date | Final Maturity Date | Issued | Outstanding |
|---|---|---|---|---|---|---|
| Missouri Development Finance Board: | | | | | | |
| Revenue Bonds | | | | | | |
| Series 2000B | up to 10% | 12/1 | 12/00 | 12/1/20 | $ 6,500 | $ 3,910 |
| Series 2000C | up to 10% | 12/1 | 12/00 | 12/1/20 | 14,600 | 11,440 |
| Series 2004A | up to 10% | 10/1 | 10/04 | 10/1/34 | 9,500 | 9,500 |
| Series 2004B | up to 10% | 10/1 | 10/04 | 10/1/34 | 7,000 | 7,000 |
| Total Missouri Development Finance Board Revenue Bonds | | | | | $ 37,600 | $ 31,850 |

As of June 30, 2008, the debt service requirements for principal and interest in future years for the Missouri Development Finance Board Revenue Bonds were as follows (in thousands of dollars):

| Fiscal Year Ended June 30 | Principal | Interest | Totals |
|---|---|---|---|
| 2009 | $ 240 | $ 655 | $ 895 |
| 2010 | 255 | 645 | 900 |
| 2011 | 270 | 639 | 909 |
| 2012 | 285 | 634 | 919 |
| 2013 | 305 | 627 | 932 |
| 2014-2018 | 1,855 | 3,029 | 4,884 |
| 2019-2023 | 17,915 | 2,160 | 20,075 |
| 2024-2028 | 3,520 | 884 | 4,404 |
| 2029-2033 | 4,850 | 449 | 5,299 |
| 2034-2035 | 2,355 | 24 | 2,379 |
| Totals | $ 31,850 | $ 9,746 | $ 41,596 |

The annual debt service schedule assumes an interest rate of 2.085%, representing the interest rate at June 30, 2008, for the Series 2000B and Series 2000C bonds. The annual debt service schedule also assumes an interest rate of 2.030%, representing the interest rate as of June 30, 2008, for the Ninth Street Garage Series 2004A and 2004B bonds.

## Note 12 - Bonds Payable (cont.)

**Bond Transactions of the State of Missouri** - The following schedule is a summary of bond activity for the fiscal year ended June 30, 2008 (in thousands of dollars):

| | Governmental Funds | | Component Units | |
|---|---|---|---|---|
| | General Obligation Bonds | Other Bonds | Revenue Bonds | Totals |
| Bonds Payable at July 1, 2007 | $ 684,515 | $ 2,660,875 | $ --- | $ 3,345,390 |
| Bond Issuance | 50,000 | 526,800 | --- | 576,800 |
| Bonds Retired | (68,350) | (103,005) | --- | (171,355) |
| Subtotal | 666,165 | 3,084,670 | --- | 3,750,835 |
| College and Universities[1] | --- | --- | 1,367,274 | 1,367,274 |
| Missouri Development Finance Board | --- | --- | 31,850 | 31,850 |
| Bonds Payable at June 30, 2008 | $ 666,165 | $ 3,084,670 | $ 1,399,124 | $ 5,149,959 |

[1] Detailed information for college and universities are not shown.

## Note 13 - Defeased Debt

### A. Current Year Debt Defeasance

On August 1, 2007, the State defeased $235,000 of Stormwater Control Bonds, Series A 2001; $1,640,000 of Stormwater Control Bonds, Series A 2002; and $80,000 of Water Pollution Control Bonds, Series A 2001. The defeasance is an extinguishment of the debt as the State was legally released from its obligation. Accordingly, the amount defeased is excluded from the Statement of Net Assets.

On July 26, 2007, the University of Missouri issued $102,250,000 of System Facilities Revenue Bonds, Series 2007B. Series 2007B refunded $96,965,000 of Series 2003A bonds. The partial defeasance resulted in a $1,610,000 loss which will be amortized over the remaining life of the bonds. The defeasance decreased aggregate debt service payments by $14,672,000 resulting in an economic gain (difference between the present values of the old and new debt service payments) of $9,505,000.

On April 22, 2008, Southeast Missouri State University issued $56,650,000 of System Facilities Revenue Bonds, Series 2008. The Series 2008 bonds refunded $8,655,000 of System Facilities Revenue Bonds, Series 1998A and $10,605,000 of System Facilities Revenue Bonds, Series 1998B. These bonds were refunded to reduce the total debt service payments over the next 30 years. The economic gain (difference between the present values of the old and new debt service payments) on the refunding is $604,000. The difference in cash flows between the old debt service requirements and the new debt requirements is $913,000.

On April 24, 2008, Missouri Southern State University issued $17,205,000 of Revenue Bonds, Series 2008. Series 2008 refunded $2,625,000 of Series 1997 bonds. The economic gain (difference between the present values of the old and new debt service payments) of the refunding was $271,391. The difference in cash flows between the old debt service requirements and the new debt service requirements is $300,696.

## Note 13 - Defeased Debt (cont.)

### B. Cumulative Debt Defeasances

Various bond issues have been defeased by creating separate irrevocable trust funds.

Either new debt has been issued and the proceeds have been used to purchase U.S. government securities that were placed in the trust funds or sufficient funds have been deposited in an irrevocable escrow to pay principal and interest as they become due.

For financial reporting purposes, the following debt has been defeased and therefore removed as a liability from the governmental activities and college and universities Statement of Net Assets.

Governmental Activities - As of June 30, 2008, bonds outstanding of $467,534,000 are defeased.

College and Universities - As of June 30, 2008, bonds outstanding of $218,166,000 are defeased.

## Note 14 - Payables and Receivables

A summary of accounts payable and accounts receivable at June 30, 2008, is shown below (in thousands of dollars):

| | Governmental Activities | Business-Type Activities | Balance June 30, 2008 |
|---|---|---|---|
| Accounts Payable: | | | |
| Taxpayers | $ 96,019 | $ 44 | $ 96,063 |
| Other Governments | 113,955 | 25 | 113,980 |
| Vendors | 849,885 | 14,166 | 864,051 |
| Employees | 124,336 | 2,708 | 127,044 |
| Other | 61,335 | 1 | 61,336 |
| Total Accounts Payable | $ 1,245,530 | $ 16,944 | $ 1,262,474 |
| Accounts Receivable: | | | |
| Taxpayers | $ 1,099,556 | $ 3,815 | $ 1,103,371 |
| Other Governments | 584,200 | 298 | 584,498 |
| Vendors | 2,252,293 | --- | 2,252,293 |
| Customers | 71,693 | 182,730 | 254,423 |
| Other | 976,646 | 1,406 | 978,052 |
| Accounts Receivable | 4,984,388 | 188,249 | 5,172,637 |
| Amounts not expected to be collected | (2,184,856) | (31) | (2,184,887) |
| Accounts Receivable, net | $ 2,799,532 | $ 188,218 | $ 2,987,750 |

## Note 15 - Interfund Assets and Liabilities

A summary of interfund assets and liabilities at June 30, 2008, is shown below (in thousands of dollars):

| | Due From Other Funds, Component Units, and Primary Government | | | | |
|---|---|---|---|---|---|
| | General Fund | Public Education | Conservation and Environmental Protection | Transportation and Law Enforcement | Missouri Road Fund |
| Due to Other Funds and Primary Government | | | | | |
| General Fund | $ --- | $ --- | $ 2 | $ 59 | $ 767 |
| Public Education | --- | --- | --- | --- | --- |
| Conservation and Environmental Protection | --- | --- | --- | --- | 1 |
| Transportation and Law Enforcement | --- | --- | --- | --- | --- |
| Missouri Road Fund | --- | --- | 117 | 12 | --- |
| Non-Major Governmental Funds | 16 | --- | --- | --- | --- |
| State Lottery | --- | 17,640 | --- | 1 | --- |
| Petroleum Storage Tank Insurance | --- | --- | --- | --- | --- |
| Non-Major Enterprise Funds | --- | --- | --- | --- | --- |
| Internal Service Funds | 1 | --- | --- | --- | --- |
| Non-Major Component Units | --- | --- | 983 | --- | --- |
| Totals | $ 17 | $ 17,640 | $ 1,102 | $ 72 | $ 768 |

Continues Below

| | Non-Major Governmental Funds | Non-Major Enterprise Funds | Internal Service Funds | Totals |
|---|---|---|---|---|
| Due to Other Funds and Primary Government | | | | |
| General Fund | $ 880 | $ 20 | $ 14,413 | $ 16,141 |
| Public Education | 4 | --- | 89 | 93 |
| Conservation and Environmental Protection | 6 | 93 | 461 | 561 |
| Transportation and Law Enforcement | --- | --- | 290 | 290 |
| Missouri Road Fund | --- | 1 | 834 | 964 |
| Non-Major Governmental Funds | 6 | 1 | 841 | 864 |
| State Lottery | 10 | --- | 23 | 17,674 |
| Petroleum Storage Tank Insurance | --- | --- | 2 | 2 |
| Non-Major Enterprise Funds | 25 | --- | 33 | 58 |
| Internal Service Funds | 2 | 5 | 515 | 523 |
| Non-Major Component Units | --- | --- | --- | 983 |
| Totals | $ 933 | $ 120 | $ 17,501 | $ 38,153 |

Note 15 - Interfund Assets and Liabilities (cont.)

| | Advance From Component Units and Primary Government | | |
|---|---|---|---|
| | Missouri Road Fund | Non-Major Component Units | Totals |
| Advance To Component Units and Primary Government | | | |
| Conservation and Environmental Protection | $ --- | $ 3,851 | $ 3,851 |
| Non-Major Component Units | 6,167 | --- | 6,167 |
| Totals | $ 6,167 | $ 3,851 | $ 10,018 |

The loans from the component units were for the construction of additional state highways.

During the consolidation process for the Government-Wide Combined Statement of Net Assets, interfund payables and receivables were eliminated as follows: $1,870,000, on the face of the Governmental Funds balance sheet and governmental activities in the amount of $17,446,000.

The amount reported as Due to Other Funds by the General Fund and Due From Other Funds by the internal service funds for fiscal year 2008 were significantly higher than what was reported in fiscal year 2007. This is due to the consolidation of the maintenance of state office buildings. Starting in fiscal year 2008, internal service funds charge state agencies for occupying state office buildings in order to support the maintenance of the buildings.

## Note 16- Interfund Transfers

All transfers must be legally authorized by the legislature through transfer appropriations. Interfund transfers for the fiscal year ended June 30, 2008, were as follows (in thousands of dollars):

| | Transfers In: | | | | |
|---|---|---|---|---|---|
| | General Fund | Public Education | Conservation and Environmental Protection | Transportation and Law Enforcement | Missouri Road Fund |
| **Transfers Out:** | | | | | |
| General Fund | $ --- | $ 2,795,413 | $ 683 | $ 2,832 | $ --- |
| Public Education | 2,500 | --- | --- | --- | --- |
| Conservation and Environmental Protection | 620 | --- | --- | --- | --- |
| Transportation and Law Enforcement | 224 | --- | --- | --- | 577,646 |
| Non-Major Governmental Funds | 52,133 | 33,611 | --- | 6 | --- |
| State Lottery | --- | 266,166 | --- | --- | --- |
| Non-Major Enterprise Funds | 30 | --- | --- | --- | --- |
| Internal Service Funds | 67 | --- | --- | --- | --- |
| Totals | $ 55,574 | $ 3,095,190 | $ 683 | $ 2,838 | $ 577,646 |

**Continues Below**

| | Non-Major Governmental Funds | Lottery | Non-Major Enterprise Funds | Internal Service Funds | Totals |
|---|---|---|---|---|---|
| **Transfers Out:** | | | | | |
| General Fund | $ 160,591 | $ --- | $ 1,261 | $ 5,215 | $ 2,965,995 |
| Public Education | --- | --- | --- | --- | 2,500 |
| Conservation and Environmental Protection | 6,545 | --- | --- | --- | 7,165 |
| Transportation and Law Enforcement | --- | --- | --- | --- | 577,870 |
| Non-Major Governmental Funds | 10,535 | --- | --- | --- | 96,285 |
| State Lottery | --- | --- | --- | --- | 266,166 |
| Non-Major Enterprise Funds | --- | --- | --- | --- | 30 |
| Internal Service Funds | --- | 52 | --- | 9 | 128 |
| Totals | $ 177,671 | $ 52 | $ 1,261 | $ 5,224 | $ 3,916,139 |

Principal reasons for interfund transfers include:

- moving general revenue funds to support elementary and secondary education
- moving State Lottery funds to support elementary and secondary education
- moving general revenue funds to support social assistance programs reported in non-major governmental funds
- moving funds related to the construction of capital assets

During fiscal year 2008, there were transfers of $381,000 from internal service funds to the General Fund and non-major governmental funds. These were transfers of capital assets and are therefore not reported on the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances, or on the reconciliation above. This is because governmental funds use the modified accrual basis of accounting and therefore do not report capital assets on their financial statements. There were also transfers of capital assets for $268,000 from the General Fund to internal service funds. These are reported as contributed capital in the internal service funds and excluded from the General Fund. Therefore, these transfers are also not included in this reconciliation.

## Note 17- Restatements

During fiscal year 2008, additional information became available which required the restatement of fund equity amounts. The following table presents a summary of these restatements by fund (in thousands of dollars):

| | June 30, 2007 Fund Balance/ Net Assets Previously Reported | Prior Period Adjustments | June 30, 2007 Fund Balance/ Net Assets Restated |
|---|---|---|---|
| **GOVERNMENTAL FUNDS** | | | |
| **Major Governmental Funds** | | | |
| General Fund | $ 1,880,232 | $ (23,319) | $ 1,856,913 |
| Public Education | 304,779 | (1,112) | 303,667 |
| Conservation and Environmental Protection | 1,131,213 | (215) | 1,130,998 |
| Transportation and Law Enforcement | 215,779 | (2,815) | 212,964 |
| **Non-Major Governmental Funds** | | | |
| Special Revenue | 301,173 | (90) | 301,083 |
| Capital Projects | 20,898 | (25) | 20,873 |
| **PROPRIETARY FUNDS** | | | |
| **Non-Major Proprietary Funds** | | | |
| Enterprise | 48,538 | 150 | 48,688 |
| Internal Service | 655,232 | 2,542 | 657,774 |
| **FIDUCIARY FUNDS** | | | |
| Pension (and Other Employee Benefit) Trust | 11,286,019 | 13,604 | 11,299,623 |
| **DISCRETELY PRESENTED COMPONENT UNITS** | | | |
| College and Universities | 4,486,209 | 15,232 | 4,501,441 |

**Breakdown of restatements by type:**

- General Fund, the restatement was a decrease in cash of $5,595,000, a decrease in investments of $17,694,000, and a decrease in accounts receivable of $30,000.
- Public Education, the restatement was a decrease in investments of $1,112,000.
- Conservation and Environmental Protection, the restatement was a decrease in investments of $215,000.
- Transportation and Law Enforcement, the restatement was a decrease in investments of $2,256,000, and a decrease in interest receivable of $559,000.
- Non-major special revenue funds, the restatement was a decrease in investments of $90,000.
- Non-major capital projects funds, the restatement was a decrease in interest receivable of $63,000 and a decrease in deferred revenue of $38,000.
- Non-major enterprise funds, the restatement was an increase to capital assets (net of accumulated depreciation) of $150,000.
- Non-major internal service funds, the restatement was a decrease in cash of $8,000, an increase in investments of $5,000, an increase in accounts receivable of $89,000, an increase in interest receivable of $23,000, an increase in inventories of $1,727,000, a decrease in capital assets (net of accumulated depreciation) of $6,009,000, an increase in accrued payroll of $44,000, a decrease in claims liability of $1,013,000, and a decrease in obligations under lease purchase of $5,746,000.
- Pension (and other employee benefit) trust funds, the restatement was an increase in net assets of $13,604,000 as an effect of the adjustment from fair value to contract value for the Fully Benefit-Responsive Investment Contract.
- Discretely presented component units – college and universities, the restatement was an increase in non-current investments of $640,000, a decrease in deferred costs and other assets of $5,324,000, and an increase in net assets of $19,916,000 as an effect of the change in accounting principal by the University of Missouri to write off previously established benefit reserves that were not in accordance with the adoption of GASB Statement No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans* and GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*.

## Note 17 - Restatements (cont.)

### Purpose for restatements:

The items on the schedule were restated as a result of additional information received this year related to prior year corrections.

On the Government-Wide Statement of Activities, net assets for the governmental activities were restated by the amounts shown on the restatement schedule for governmental funds and internal service funds. In addition, capital assets (net of accumulated depreciation) decreased by $8,559,000, the internal balance decreased by $2,000, other assets decreased by $177,000, unamortized bond premium decreased by $1,183,000, and capital lease obligation increased by $548,000.

On the Government-Wide Statement of Activities, net assets for the business-type activities were restated by the amounts shown on the restatement schedule for enterprise funds and by an increase in the internal balance of $2,000.

## Note 18 - Fund Deficit

The following fund had a deficit balance:

Enterprise Fund - Petroleum Storage Tank Insurance - At June 30, 2008, this fund had a net asset deficit of $26,317,000. The deficit at June 30, 2007 was $33,900,000. The deficit occurred when transport load fees collected were not sufficient to cover the estimated claims liability for clean up of petroleum storage tank leaks. This liability amount is the cumulative result of numerous years of petroleum storage tank leaks. Per Section 319.129, RSMo, this fund will not accept new claim liabilities after December 31, 2020, or upon revocation of federal regulation 40 CFR, whichever occurs first, unless extended by action of the General Assembly. Various alternatives are being considered to pay off the claims liability amount of this fund. Per Section 319.131, RSMo, the liability of the Petroleum Storage Tank Insurance Fund is not the liability of the State. Upon dissolution of this fund, the liability would be liquidated.

## Note 19 - Related Party Transactions

The Missouri State Public Employees' Deferred Compensation Plan was administered by CitiStreet during the fiscal year. As of July 1, 2008, CitiStreet was purchased by ING Institutional Plan Services, LLC. ING Life Insurance Annuity Company provides fixed earnings investments for plan participants while ING (formerly CitiStreet) provides variable earnings investments. At June 30, 2008, total investments of the Plan were $1,094,631,000 and investments in ING Life Insurance Annuity Company were $453,575,000.

## Note 20 - Commitments

### Contracts

The Department of Conservation had contracts outstanding of $2,843,000 for land acquisition and $1,676,000 for construction contracts at June 30, 2008. These contracts are funded through the special revenue funds from specific sales tax, fees, and permits.

The Department of Transportation had long-term contracts of $1,336,155,000 outstanding at June 30, 2008. These contracts are paid from capital projects funds with approximately 69% federal reimbursement expected.

Note 20 - Commitments (cont.)

The Office of Administration, Division of Facilities Management, Design and Construction, had construction contracts outstanding at June 30, 2008, of $45,326,000. Approximately 78% will be paid from the General Fund, 4% from special revenue funds, and 18% from internal service funds.

The Department of Elementary and Secondary Education had desegregation payments outstanding of $19,000,000 at June 30, 2008. These payments are due to the St. Louis Public School District based upon Court Order L(266)99 approving the 1999 settlement agreement requiring annual payments. The payments are as follows:

| | |
|---|---|
| July 1, 2008 | $ 10,000,000 |
| July 1, 2009 | 9,000,000 |

On March 10, 1988, the State of Missouri entered into a contract with the United States Army Corps of Engineers confirming an assurance agreement of April 8, 1965. The State obtained rights to a portion of the water supply storage from the Clarence Cannon Dam and Mark Twain Lake Project. The State agreed to pay up to $10.8 million plus interest for the investment costs allocated to the water supply storage, the amount of such payments to be determined by the portion of the water storage space put in use by the State for that purpose. The contract provided a ten year interest free period running from 1984 to 1994. In fiscal year 1995, the State began making interest payments. The interest payment amount for fiscal year 2008 was $364,000. Payment of principal and interest must be completed by March 2038.

The Department of Natural Resources - State Parks had contracts outstanding of $118,000 for land acquisition at June 30, 2008. These contracts are funded through enterprise funds.

The Missouri Department of Transportation and Highway Patrol Employees' Retirement System (MPERS) purchased a new pension administration software system during fiscal year 2007. Total software and related consulting services are estimated to be approximately $3,000,000, with $1,829,000 outstanding at June 30, 2008.

As of June 30, 2008, the University of Missouri had outstanding commitments for the acquisition, usage, and ongoing support of certain software for its patient clinical systems totaling $8,296,000. The payments are as follows:

| | |
|---|---|
| 2009 | $ 3,644,000 |
| 2010 | 3,708,000 |
| 2011 | 944,000 |

Harris-Stowe State University had outstanding commitments of approximately $14,200,000 related to construction contracts at June 30, 2008.

Missouri State University had approximately $15,800,000 in outstanding commitments for various construction contracts at June 30, 2008, still to be incurred.

Northwest Missouri State University had outstanding commitments of approximately $15,000,000 related to various construction contracts at June 30, 2008.

## Note 21 - Risk Management and Insurance

The State is exposed to various risks of loss related to tort liability, general liability, motor vehicle liability, contractor liability, and injuries to employees. The State assumes its own liability for risks except for the purchase of surety bond, aircraft, and boiler coverage. The State's Office of Administration (OA), Risk Management Unit, self-insures its workers' compensation program for all state employees, with the exception of the Missouri Department of Transportation (MoDOT) and the State Highway Patrol. Liability insurance is also provided by OA-Risk Management, pursuant to State statute, through the State's legal expense fund, which is a component of the General Fund in this report. This insurance covers all State employees.

The workers' compensation and legal expense fund claims liability is based upon actual claims that have been submitted to OA-Risk Management. IBNR (incurred but not reported) liability is not included since workers' compensation and liability insurance claims are reported timely, and therefore any potential IBNR liability amount would be considered immaterial. The State has not had any insurance settlements exceed the coverage during the past three fiscal years. OA-Risk Management also procures property insurance for 3% of the total value of the State's property with the remainder uninsured. The buildings that are insured are mainly the buildings backed with bonded debt through the Board of Public Buildings.

The Transportation Self-Insurance Plan covers workers' compensation for employees of MoDOT and the State Highway Patrol, and covers vehicle liability and general liability insurance for the employees of MoDOT. The Transportation Self-Insurance Plan is presented as an internal service fund. Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Estimated claims payable is based on known claims pending as well as an estimate of IBNR claims from data provided by an actuary. Liabilities are reported at their discounted value, assuming an investment yield of 4%.

The Missouri Consolidated Health Care Plan (MCHCP) provides health care insurance to all State employees, except for MoDOT, the State Highway Patrol, and the Department of Conservation. The Plan is presented as an internal service fund. Estimated claims payable is based on known medical claims pending as well as an estimate of IBNR claims from data provided by an actuary.

The MoDOT and MSHP Medical and Life Insurance Plan (MHPML) accounts for the medical coverage provided on a self-insured basis and life insurance benefits, underwritten by a commercial insurance company, for employees of MoDOT and the State Highway Patrol. The Plan is presented as an internal service fund. Estimated claims payable is based on known insurance claims pending as well as an estimate of IBNR claims from data provided by an actuary.

The Conservation Employees' Insurance Plan (CEIP) provides health care and life insurance to employees of the Department of Conservation. The Plan is presented as an internal service fund. Estimated claims payable is based on known claims pending as well as an estimate of IBNR claims.

Southwestern Bell Telephone Company vs. Director of Revenue (Case No. SC83859 and follow up Case No. SC86441): the Supreme Court ruled that Southwestern Bell Telephone Company was entitled to a refund of use tax paid on machinery and equipment used to create its digital phone service product. Manufacturing was found to include producing taxable services as well as tangible personal property products. In FY 2007, the Department of Revenue (DOR) resolved (by negotiated settlement) some claims related to the suit, filed by multiple taxpayers, for $88.5 million. During FY 2008, additional refund claims related to these suits were settled for $24.0 million, and $24.6 million in principal payments were made. The remaining liability as of June 30, 2008, for all the settlements related to these suits was $65.9 million.

The Petroleum Storage Tank Insurance Fund (PSTIF) has claims liability for the cost of contamination cleanup for policyholders and other eligible site owners who have submitted notice of a contamination. The PSTIF is presented as a major enterprise fund.

## Note 21 - Risk Management and Insurance (cont.)

The University of Missouri System provides workers' compensation, liability, and medical insurance for its employees. The University funds this through a combination of self-insurance and commercially purchased insurance. The amount of coverage is based upon analysis of historical information and actuarial estimates. Settled claims have not exceeded commercial coverage in any of the past three fiscal years. The claims liability is the present value of the claims, using discounted rates ranging between 3.7% and 4.8% based on future investment yields. The University of Missouri System is included with college and universities as a major component unit of the State.

Missouri State University is exposed to various risks of loss. These include loss related to torts; business interruption; employee injuries and illnesses; employee health, dental and accidental benefits; natural disasters; damage to and destruction of assets; and errors and omissions. Commercial insurance coverage is purchased for claims arising from such matters other than those related to natural disasters and employee health benefits, general liability, and workers' compensation. Settled claims have not exceeded the commercial coverage in any of the three preceding years. Additional coverage is provided through the State Self Insurance Program, through the Risk Management Unit of the Office of Administration. The State of Missouri self-insures the workers' compensation benefits for all State employees, including University employees.

Changes in the balances of claims liability (in thousands of dollars) during the current and prior fiscal years are as follows:

| Governmental Activities | Type of Insurance Claims | Fiscal Year Claims Liability 6/30/2007* | Current Year Claims and Estimated Changes | Claim Payments | Fiscal Year Claims Liability 6/30/2008 |
|---|---|---|---|---|---|
| OA Workers Compensation | Workers Comp. | $ 18,179 | $ 24,709 | $ (23,870) | $ 19,018 |
| OA Legal Expense Fund | Liability | 864 | 708 | (464) | 1,108 |
| MoDOT Self-Insurance Plan | Workers Comp. and Liability | 51,315 | 31,448 | (17,592) | 65,171 |
| MCHCP | Health Care | 43,054 | 219,142 | (224,102) | 38,094 |
| MHPML | Health Care and Life Insurance | 11,000 | 94,445 | (93,045) | 12,400 |
| CEIP | Health Care and Life Insurance | 1,262 | 11,287 | (11,285) | 1,264 |
| DOR | Southwestern Bell Lawsuit | 66,500 | 23,985 | (24,578) | 65,907 |
| Total Governmental Activities | | $ 192,174 | $ 405,724 | $ (394,936) | $ 202,962 |
| **Business-Type Activities** | | | | | |
| PSTIF | Contamination Cleanup | $ 116,056 | $ 16,324 | $ (15,647) | $ 116,733 |
| **Component Units** | | | | | |
| University of Missouri System | Workers Comp. and Liability | $ 79,799 | $ 136,343 | $ (148,904) | $ 67,238 |
| Missouri State University | Health Care, Workers Comp. and Liability | 1,175 | 13,068 | (13,192) | 1,051 |
| Total Component Units | | $ 80,974 | $ 149,411 | $ (162,096) | $ 68,289 |

*Fiscal year 2007 amounts have been restated.

## Note 21 - Risk Management and Insurance (cont.)

| Governmental Activities | Type of Insurance Claims | Fiscal Year Claims Liability 6/30/2006 | Current Year Claims and Estimated Changes | Claim Payments | Fiscal Year Claims Liability 6/30/2007* |
|---|---|---|---|---|---|
| OA Workers Compensation | Workers Comp. | $ 21,053 | $ 17,655 | $ (20,529) | $ 18,179 |
| OA Legal Expense Fund | Liability | 153 | 5,706 | (4,995) | 864 |
| MoDOT Self-Insurance Plan | Workers Comp. and Liability | 55,857 | 7,002 | (11,544) | 51,315 |
| MCHCP | Health Care | 32,494 | 300,493 | (289,933) | 43,054 |
| MHPML | Health Care and Life Insurance | 9,561 | 91,487 | (90,048) | 11,000 |
| CEIP | Health Care and Life Insurance | 3,682 | 9,090 | (11,510) | 1,262 |
| DOR | Southwestern Bell Lawsuit | --- | 88,500 | (22,000) | 66,500 |
| Total Governmental Activities | | $ 122,800 | $ 519,933 | $ (450,559) | $ 192,174 |
| Business-Type Activities | | | | | |
| PSTIF | Contamination Cleanup | $ 116,929 | $ 11,292 | $ (12,165) | $ 116,056 |
| Component Units | | | | | |
| University of Missouri System | Workers Comp. and Liability | $ 86,850 | $ 139,294 | $ (146,345) | $ 79,799 |
| Missouri State University | Health Care, Workers Comp. and Liability | 962 | 11,779 | (11,566) | 1,175 |
| Total Component Units | | $ 87,812 | $ 151,073 | $ (157,911) | $ 80,974 |

*Fiscal year 2007 amounts have been restated.

Risk Management Pool:

The State of Missouri participates in the property program of the Midwestern Higher Education Compact (MHEC) as defined in Section 173.700, RSMo. This program was formed to expand coverage, reduce costs, and stabilize property insurance rates over extended time periods at higher education institutions in all member states. The program offers loss limit coverage tailored to individual institutions as well as self-insured retention by institution. The MHEC Risk Management Oversight Committee directs the major operations of the program overseeing the development of program policies, premium allocations, new program memberships, and selection of program administrators and insurance underwriters.

## Note 22 - Landfill Closure and Postclosure

The State does not own any municipal solid waste landfills (MSWLF), however in the event the owner/operator refuses or is unable to properly maintain the landfill, the owner/operator forfeits the required financial assurance instrument(s) to fund closure and/or post-closure maintenance activities.

Each landfill owner/operator is required to obtain a financial assurance instrument, which is held by the State as security in the case of a default or forfeiture. Financial assurance instruments can include financial guarantee or performance bonds, letters of credit, insurance policies, corporate guarantees, contracts of obligations, trust funds, and escrow accounts. At June 30, 2008, the Missouri Department of Natural Resources, Solid Waste Program tracked the value of the secured financial assurance instruments held by the State to be $288,875,000. This amount is disclosed, but not reported in the financial statements, because the State does not perform the investment function and does not have significant administrative involvement. While the State maintains possession of the financial assurance instruments, it does not meet criteria to be reported in a fiduciary fund.

At June 30, 2008, nine MSWLFs and two waste tire facilities have defaulted. The owners/operators failed to properly close or maintain post-closure care for these facilities, so the State took possession of the forfeited financial assurance instruments to initiate the closure or post-closure activities as required by Missouri Revised Statutes Chapter 260, Section 228. The State will monitor and pay post-closure care costs of these facilities for the next 30 years in accordance with Missouri Department of Natural Resources Solid Waste Management Law and Regulations. At June 30, 2008, it is expected that $797,000 will be paid over the remaining monitoring periods. This is the amount of fund balance that has been reserved on the general fund balance sheet for forfeited assets.

## Note 23 - Contingencies

Contingent claims liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. These losses include an estimate of claims that have been incurred but not reported including the effects of specific, incremental claim adjustment expenditures/expenses, salvage, subrogation, and other allocated or unallocated claim adjustment expenditures/expenses. Liabilities of governmental funds are reported as a reconciling item to the Government-Wide Statement of Net Assets. Expenditures are recognized as payments are made.

At June 30, 2008, the amount of the contingent liabilities was $40 million. Changes in the reported liability since June 30, 2007, resulted from the following (in thousands of dollars):

| | Beginning of Fiscal Year Liability | Current Year Claims and Changes in Estimates | Claim Payments | Balance Fiscal Year End |
|---|---|---|---|---|
| 2007-2008 | $ 82,922 | $ (35,267) | $ (7,568) | $ 40,087 |
| 2006-2007 | 111,402 | (18,643) | (9,837) | 82,922 |
| 2005-2006 | 117,631 | 1,663 | (7,892) | 111,402 |

Note 23 - Contingencies (cont.)

RSMo 287.220.6 requires that an actuarial study of the Second Injury Fund be made every three years to determine the solvency of the Fund. Figures presented below for current year claims and changes in estimates are based on the 2007 actuarial study. At June 30, 2008, the amount of liabilities for the Second Injury Fund was $1.2 billion. Changes in the reported liability since June 30, 2007, resulted from the following (in thousands of dollars):

| | Beginning of Fiscal Year Liability | Current Year Claims and Changes in Estimates | Claim Payments | Balance Fiscal Year End |
|---|---|---|---|---|
| 2007-2008 | $ 1,112,023 | $ 204,100 | $ (68,110) | $ 1,248,013 |
| 2006-2007 | 982,328 | 195,773 | (66,078) | 1,112,023 |
| 2005-2006 * | 863,774 | 180,930 | (62,376) | 982,328 |

*Restated.

The State receives federal grants which are subject to review and audit by federal grantor agencies. This could result in requests for reimbursements to the grantor agency for expenditures which are disallowed under grant terms. The State believes that such disallowances, if any, would be immaterial in the next fiscal year.

Loan Guarantees:

In the past, the State appropriated money to the Missouri Development Finance Board for the purpose of making loan guarantees. Upon default of a guaranteed loan, the Board makes the payment for default from Board funds. At the end of fiscal year 2008, there were no guaranteed loans outstanding and no loans defaulted.

The State appropriates money to the Agricultural and Small Business Development Authority for the purpose of making loan guarantees. Upon default of a guaranteed loan, the Authority makes the payment for default from State appropriations. The Authority administers the Single-Purpose Animal Facilities Loan Program and the Value Added Loan Guarantee Program, which provides a 50% first-loss guarantee on loans up to $250,000. The total of loans outstanding at June 30, 2008, for which the Authority has guaranteed payment is $2,098,000 and $10,528,000, respectively. During 2008, no loans defaulted.

Sales and Use Tax Lawsuits:

Southwestern Bell Telephone Company vs. Director of Revenue (Case No. SC83859 and follow up Case No. SC86441): the Supreme Court ruled that Southwestern Bell Telephone Company was entitled to a refund of use tax paid on machinery and equipment used to create its digital phone service product. Manufacturing was found to include producing taxable services as well as tangible personal property products. A settlement was reached regarding some claims, filed by multiple taxpayers, related to the Southwestern Bell cases. A $65.9 million liability remains as of June 30, 2008, and is referenced in *Note 21 - Risk Management and Insurance*. Refund claims related to these cases that were filed by other companies as of June 30, 2008, totaled approximately $26 million. These claims are pending verification and exclusive of interest (which could be substantial) could negatively affect the State by $26 million, of which $21.6 million is related to the General Revenue Fund.

The State is also involved in tax litigation not included in the fiscal year 2008 liability amount, where it is reasonably possible that an adverse court decision may incur an estimated loss of $7.3 million.

## Note 23 - Contingencies (cont.)

Education Lawsuits:

Four education lawsuits are pending: Committee for Educational Equality, et al vs. the State of Missouri, et al (Case No. 04CV323022), filed in the Circuit Court of Cole County; Jenkins, et al vs. School District of Kansas City, Missouri, et al (Case No. 77-0420-CV-DW), filed in the U.S. District Court, Western Division; Kansas City Missouri Public Schools vs. Missouri Board of Fund Commissioners (Case No. 05AC-CC00389), filed in the Circuit Court of Cole County; and the School District of Kansas City, Missouri vs. State of Missouri, Missouri Board of Education, DESE, and D. Kent King filed in the Circuit Court of Cole County. Arguments are being heard, and decisions in these cases may require additional state money or a revision to the current school aid formula.

## Note 24 - Joint Ventures

The Regional Convention and Sports Complex Authority was created by state law for the purpose of financing, constructing, operating, and maintaining a multipurpose convention and sports facility to be located in the City of St. Louis. The Authority operates under a board of commissioners of whom five are appointed by the Governor of the State, three by the County Executive of St. Louis County, and three by the Mayor of the City of St. Louis. The Authority is granted all rights and powers necessary to plan, finance, construct, equip, and maintain the facility.

The Authority is considered a joint venture of the State, County, and City because it constitutes a contractual agreement for public benefit in which the State, County, and City retain an ongoing financial responsibility for the Convention and Sports Facility Project Bonds. In August 1991, the Authority issued $258,670,000 of Convention and Sports Facility Project Bonds. The bonds were sponsored in the amount of $132,910,000 by the State (Series A), $65,685,000 by the County (Series B), and $60,075,000 by the City (Series C). In December 1993, the Authority issued $181,885,000 in Convention and Sports Facility Project and Refunding Bonds to advance refund $101,410,000 and $50,275,000 of the outstanding 1991 Series A and Series B bonds, respectively, and for additional construction costs. The bonds were sponsored in the amount of $121,705,000 by the State (Series A) and $60,180,000 by the County (Series B). In February 1997, the Authority issued $61,285,000 in Series C refunding bonds to advance refund $47,155,000 of the outstanding 1991 Series C bonds. In August 2003, the Authority issued $116,030,000 of Convention and Sports Facility Project and Refunding Bonds, Series A 2003 to refund $2,845,000 and $113,170,000 of Series A 1991 and Series A 1993 refunding bonds, respectively, and for additional construction costs. In May 2007, the Authority issued $49,585,000 in Series C 2007 refunding bonds to refund $61,285,000 of original principal of the Series C 1997 refunding bonds.

Pursuant to a financing agreement entered into in August 1991, and terminating in August 2021, the Authority leased the facility to the sponsors who subleased the facility back to the Authority. The payments made by the State, County, and City under the financing agreement are sufficient to pay the principal and interest on the bonds. In addition, the sponsors provide annual appropriations intended to keep the facility in good repair and competitive with the top 25% of NFL facilities. See *Note 12* for the specific debt service requirements that make up the State's ongoing financial responsibility for this joint venture.

## Note 24 - Joint Ventures (cont.)

Summary financial information for the Authority as of and for the fiscal year ended December 31, 2007, is presented below (in thousands of dollars):

| | |
|---|---|
| Total Assets | $ 301,214 |
| Total Liabilities | $ 197,161 |
| Total Net Assets | 104,053 |
| Total Liabilities and Net Assets | $ 301,214 |
| Total Revenues | $ 27,423 |
| Total Expenses | 23,061 |
| Net Increase in Net Assets | $ 4,362 |

Copies of the Authority's financial statements may be requested from:

St. Louis Regional Convention
and Sports Complex Authority
901 North Broadway
St. Louis, Missouri 63101

## Note 25 - Endowments

Donor-restricted endowments for Missouri reside primarily within the higher education institutions, which are reported as a discretely presented component unit of the State. For the college and universities, except the University of Missouri, the net appreciation of the endowments available for expenditure is $2,297,000, and of this amount, $916,000 is reported as restricted non-expendable net assets, $1,210,000 is reported as restricted expendable net assets, and $171,000 is reported as unrestricted net assets. The University of Missouri reported a net depreciation of restricted non-expendable net assets in the amount of $49,169,000, which primarily consisted of unrealized losses on investment. The Revised Statutes of Missouri authorize the acceptance of donations at State agencies or public institutions. The governing boards of these institutions and the donor agreements determine whether net appreciation can be spent and the acceptable spending rate as detailed in RSMo 402.035. These policies are entity specific and vary with each institution.

## Note 26 - Conduit Debt

As of June 30, 2008, the Missouri Development Finance Board issued $972,012,000 in Single Issue Industrial Revenue Bonds, $57,810,000 in Private Activity Composite Industrial Revenue Bonds, and $1,477,570,000 in Public Purpose Capital Improvement and Refunding Leasehold Revenue Bonds. The outstanding balances on these bonds and notes as of June 30, 2008, were approximately $684,901,000, $0, and $672,706,000, respectively.

The Missouri Development Finance Board and the State have no liability for repayment of these revenue bonds and funding notes aside from reserve fund deposits and, accordingly, these bonds and notes have not been recorded as a liability on the financial statements for the Missouri Development Finance Board. The debtor pays all debt service requirements. Security for the bondholders consists of insurance, letters of credit, annual appropriation pledges, and certain funds held through trustees under the various indentures.

## Note 27- Subsequent Events

General Obligation Bonds:

On September 25, 2008, the Board of Fund Commissioners of the State of Missouri defeased a portion of the Fourth State Building Refunding Bonds Series A 2005. The defeased amount was $1,035,000.

Missouri Department of Transportation:

The Series B 2005 State Road bonds were issued as variable rate instruments with weekly rate changes. Since June 30, the rates varied from 0.3% to 8.7%.

Missouri Western State University:

On October 7, 2008, the University issued $6,315,000 in revenue bonds. The proceeds from the bonds will be used for the construction and renovation of certain athletic facilities.

University of Missouri:

On July 2, 2008, the University sold $100,000,000 of capital project notes at an effective interest rate of 3.0%. The notes will be repaid in full by June 30, 2009.

Deferred Compensation Plan:

Effective July 1, 2008, the State of Missouri began offering higher incentives to State employees to encourage them to save more for retirement. Previously, eligible employees could receive $25 per month deferred compensation incentive if they contributed at least $25 per month. The new incentive amounts employees can receive are $25, $30, or $35 based on employee contribution, as follows:

| Employee Contribution (per month) | State Incentive (per month) |
|---|---|
| $25 to $29.50 | $25 |
| $30 to $34.50 | $30 |
| $35 or more | $35 |

***Required Supplementary Information (RSI)*** *includes the Budgetary Comparison Schedule for the General Fund and Major Special Revenue Funds, as well as the Budget to Generally Accepted Accounting Principles (GAAP) reconciliation, and the Notes to RSI on Budgetary Reporting.*

**STATE OF MISSOURI**
**REQUIRED SUPPLEMENTARY INFORMATION**
**BUDGETARY COMPARISON SCHEDULE**
**GENERAL FUND, MAJOR SPECIAL REVENUE FUNDS**
**For the Fiscal Year Ended June 30, 2008**
**(In Thousands of Dollars)**

| | General | | | | Public Education | | | | Conservation and Environmental Protection | | | | Transportation and Law Enforcement | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Original Budget | Final Budget | Actual | Variance with Final Budget | Original Budget | Final Budget | Actual | Variance with Final Budget | Original Budget | Final Budget | Actual | Variance with Final Budget | Original Budget | Final Budget | Actual | Variance with Final Budget |
| Beginning Budgetary Fund Balance | $ 1,802,910 | $ 1,802,910 | $ 1,802,910 | $ --- | $ 230,431 | $ 230,431 | $ 230,431 | $ --- | $ 354,700 | $ 354,700 | $ 354,700 | $ --- | $ 61,870 | $ 61,870 | $ 61,870 | $ --- |
| Resources (Inflows): | | | | | | | | | | | | | | | | |
| Taxes: | | | | | | | | | | | | | | | | |
| Sales and Use | 1,979,340 | 1,988,991 | 2,001,120 | 12,129 | 786,629 | 786,629 | 769,636 | (16,993) | 177,450 | 177,450 | 184,857 | 7,407 | 60,103 | 60,103 | 62,851 | 2,748 |
| Individual Income | 6,043,670 | 6,073,141 | 6,110,173 | 37,032 | 4,440 | 4,440 | 4,363 | (77) | --- | --- | --- | --- | --- | --- | --- | --- |
| Corporate Income | 515,307 | 517,820 | 520,978 | 3,158 | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| County Foreign Insurance | 207,274 | 208,285 | 209,555 | 1,270 | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Beer | 8,378 | 8,419 | 8,470 | 51 | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Liquor | 21,139 | 21,242 | 21,372 | 130 | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Cigarette | --- | --- | --- | --- | 75,941 | 75,941 | 74,291 | (1,650) | --- | --- | --- | --- | --- | --- | --- | --- |
| Fuel | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | 725,562 | 725,562 | 759,178 | 33,616 |
| Corporation Franchise | 91,502 | 91,948 | 92,508 | 560 | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Inheritance | 3,414 | 3,430 | 3,451 | 21 | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Reimbursement/Miscellaneous | 1,083,402 | 1,088,685 | 1,095,324 | 6,639 | 301,309 | 301,309 | 294,782 | (6,527) | --- | --- | --- | --- | --- | --- | --- | --- |
| Total Taxes | 9,953,426 | 10,001,961 | 10,062,951 | 60,990 | 1,168,319 | 1,168,319 | 1,143,072 | (25,247) | 177,450 | 177,450 | 184,857 | 7,407 | 785,665 | 785,665 | 822,029 | 36,364 |
| Licenses, Fees, and Permits | 79,079 | 79,462 | 79,915 | 453 | 7,422 | 7,422 | 7,293 | (129) | 77,545 | 77,545 | 80,799 | 3,254 | 187,049 | 187,049 | 195,680 | 8,631 |
| Sales | 889 | 893 | 897 | 4 | --- | --- | --- | --- | 7,616 | 7,616 | 7,936 | 320 | 4,032 | 4,032 | 4,197 | 165 |
| Leases and Rentals | 18 | 18 | 18 | --- | --- | --- | --- | --- | 204 | 204 | 212 | 8 | --- | --- | 19 | 19 |
| Services | 252,231 | 252,647 | 242,232 | (10,415) | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Contributions and Intergovernmental | 7,041,407 | 7,048,499 | 6,691,742 | (356,757) | 322,954 | 322,954 | 315,927 | (7,027) | 67,608 | 67,608 | 70,420 | 2,812 | 885 | 885 | 917 | 32 |
| Interest | 105,232 | 105,735 | 106,238 | 503 | 14,529 | 14,529 | 14,209 | (320) | 18,490 | 18,490 | 19,264 | 774 | 4,327 | 4,327 | 4,538 | 211 |
| Penalties and Unclaimed Property | 1,390 | 1,397 | 1,401 | 4 | 1,737 | 1,737 | 1,765 | 28 | 12,137 | 12,137 | 12,638 | 501 | 393 | 393 | 440 | 47 |
| Cost Reimbursement/ Miscellaneous | 484,094 | 484,354 | 456,493 | (27,861) | 64,275 | 64,275 | 62,827 | (1,448) | 46,226 | 46,226 | 48,164 | 1,938 | 1,082 | 1,082 | 1,168 | 86 |
| Transfers In | 170,139 | 191,326 | 112,073 | (79,253) | 3,050,028 | 3,104,407 | 3,094,082 | (10,325) | 669 | 733 | 733 | --- | 1,031 | 4,653 | 3,678 | (975) |
| Total Resources (Inflows) | 18,087,905 | 18,166,292 | 17,753,960 | (412,332) | 4,629,264 | 4,683,643 | 4,639,175 | (44,468) | 407,945 | 408,009 | 425,023 | 17,014 | 984,464 | 988,086 | 1,032,666 | 44,580 |
| Amount Available for Appropriation | 19,890,815 | 19,969,202 | 19,556,870 | (412,332) | 4,859,695 | 4,914,074 | 4,869,606 | (44,468) | 762,645 | 762,709 | 779,723 | 17,014 | 1,046,334 | 1,049,956 | 1,094,536 | 44,580 |
| Charges to Appropriations (Outflows): | | | | | | | | | | | | | | | | |
| Current: | | | | | | | | | | | | | | | | |
| General Government | 1,899,212 | 1,925,348 | 1,825,029 | 100,319 | 2,957 | 2,987 | 2,160 | 827 | 3,989 | 5,248 | 4,303 | 945 | 215,736 | 217,098 | 215,495 | 1,603 |
| Education | 1,984,625 | 1,971,389 | 1,847,731 | 123,658 | 4,476,155 | 4,586,768 | 4,494,040 | 92,728 | --- | --- | --- | --- | --- | --- | --- | --- |
| Natural and Economic Resources | 312,477 | 325,511 | 254,175 | 71,336 | 42,575 | 42,575 | 29,042 | 13,533 | 338,290 | 384,760 | 330,524 | 54,236 | --- | --- | --- | --- |
| Transportation and Law Enforcement | 277,592 | 475,427 | 375,438 | 99,989 | 155 | 166 | 154 | 12 | 988 | 988 | 760 | 228 | 232,200 | 243,920 | 226,818 | 17,102 |
| Human Services | 10,053,304 | 10,194,899 | 9,561,127 | 633,772 | 27,558 | 27,607 | 25,735 | 1,872 | 335 | 335 | 177 | 158 | --- | --- | --- | --- |
| Debt Service | 90,641 | 91,690 | 88,546 | 3,144 | --- | --- | --- | --- | 88 | 100 | 86 | 14 | 34 | 35 | 33 | 2 |
| Transfers Out | 3,710,087 | 3,741,786 | 3,662,202 | 79,584 | 6,375 | 6,477 | 5,800 | 677 | 54,270 | 55,010 | 49,793 | 5,217 | 513,562 | 607,814 | 590,400 | 17,414 |
| Total Charges to Appropriations | 18,327,938 | 18,726,050 | 17,614,248 | 1,111,802 | 4,555,775 | 4,666,580 | 4,556,931 | 109,649 | 397,960 | 446,441 | 385,643 | 60,798 | 961,532 | 1,068,867 | 1,032,746 | 36,121 |
| Ending Budgetary Fund Balance | $ 1,562,877 | $ 1,243,152 | $ 1,942,622 | $ 699,470 | $ 303,920 | $ 247,494 | $ 312,675 | $ 65,181 | $ 364,685 | $ 316,268 | $ 394,080 | $ 77,812 | $ 84,802 | $ (18,911) | $ 61,790 | $ 80,701 |
| Reconciling Items: | | | | | | | | | | | | | | | | |
| Reclassifying Cash Equivalents as Investments | | | (1,767,910) | | | | (268,078) | | | | (338,641) | | | | (42,338) | |
| Investments at Fair Value | | | 1,775,705 | | | | 270,429 | | | | 340,207 | | | | 50,368 | |
| Receivables | | | 1,513,892 | | | | 125,506 | | | | 835,742 | | | | 147,415 | |
| Due from Other Funds | | | 17 | | | | 17,640 | | | | 119 | | | | 72 | |
| Due from Component Units | | | --- | | | | --- | | | | 983 | | | | --- | |
| Inventory | | | 20,183 | | | | 42 | | | | 515 | | | | 6,665 | |
| Advance to Component Units | | | --- | | | | --- | | | | 3,851 | | | | --- | |
| Accounts Payable | | | (883,190) | | | | (39,750) | | | | (6,781) | | | | (4,835) | |
| Accrued Payroll | | | (60,326) | | | | (246) | | | | (5,059) | | | | (5,869) | |
| Due to Other Funds | | | (16,141) | | | | (93) | | | | (561) | | | | (290) | |
| Arbitrage Liability | | | (49) | | | | --- | | | | --- | | | | --- | |
| Deferred Revenue | | | (507,325) | | | | (27,444) | | | | (19,066) | | | | (5,206) | |
| Escheat/Unclaimed Property | | | (97,038) | | | | --- | | | | --- | | | | --- | |
| Fund Balance - GAAP Basis | | | $ 1,920,440 | | | | $ 390,681 | | | | $ 1,205,389 | | | | $ 207,772 | |

Budgetary Presentation:

A Budgetary Comparison Schedule is presented for the State's Major governmental funds, as well as Major Capital Project Funds. Revenues and expenditures are reported on a budgetary basis where "actual" revenues are recognized when cash is received, and "actual" expenditures are recognized for cash disbursements. The accounting principles applied for reporting on a budgetary basis differ from those used to present the financial statements in accordance with GAAP. A reconciliation of the two for the fiscal year ended June 30, 2008, has been presented at the bottom of the Budgetary Comparison Schedule.

The budgetary expenditures are included in the current year's Appropriation Activity Report, which demonstrates legal compliance with the current year's budget. This report can be viewed at http://oa.mo.gov/acct/AAR2008/index.htm. The "original budget" expenditures and transfers are for what was originally appropriated for each fund. The "final budget" expenditures and transfers takes into account any increases and decreases to appropriations during the fiscal year less the Governor's amounts reverted (withheld) for each fund less any re-appropriations to the next fiscal year.

On the Budgetary Comparison Schedule, "original" and "revised" budget revenues are equal for all funds except the State's General Revenue Fund. Once a year the Office of Administration-Division of Budget and Planning receives budgeted revenues from state agencies for each of their funds as well as a revised revenue estimate in the spring for the State's General Revenue Fund. The revised revenue estimate is used in the "final budget" column for the General Fund and is very comparable to actual revenue resulting in a small positive variance on this Schedule.

In accordance with state statute, all state funds must have an appropriation before amounts can be expended or transferred to another state fund, therefore variances between "budgeted" and "actual" expenditures and transfers on the budgetary schedule will always be positive.

Budgetary Control:

Budgetary control is maintained at the departmental level; each Department of the Missouri government formulates a budget to be submitted for approval by the General Assembly prior to the beginning of the fiscal year. These budgets are prepared essentially on the cash basis. The legislature reviews, revises, and legally adopts these budgets. The Governor has the authority to approve or veto each bill, subject to legislative override.

Budgeted expenditures cannot exceed estimated revenues and other sources of funding, including beginning fund balances. In the event that actual revenues are insufficient to cover budgeted expenditures, the Governor must order budget reductions or call a special session of the legislature to address the issue.

Unexpended appropriations lapse at the end of each appropriation year, unless re-appropriated to the following appropriation year.

***Supplementary Information*** *includes the Budgetary Comparison Schedule and Reconciliation for the Major Capital Projects Fund (Missouri Road Fund), as well as the Combining and Individual Fund Statements and Schedules for the General Fund and all Non-Major Funds.*

STATE OF MISSOURI
SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
MAJOR CAPITAL PROJECTS FUND
For the Fiscal Year Ended June 30, 2008
(In Thousands of Dollars)

| | Missouri Road Fund | | | |
|---|---|---|---|---|
| | Original Budget | Final Budget | Actual | Variance with Final Budget |
| Beginning Budgetary Fund Balance | $ 705,178 | $ 705,178 | $ 705,178 | $ --- |
| Resources (Inflows): | | | | |
| Taxes: | | | | |
| Vehicle Sales and Use | 194,804 | 194,804 | 206,377 | 11,573 |
| Fuel | 113 | 113 | 115 | 2 |
| Total Taxes | 194,917 | 194,917 | 206,492 | 11,575 |
| Licenses, Fees, and Permits | 114,905 | 114,905 | 100,740 | (14,165) |
| Contributions and Intergovernmental | 851,915 | 851,915 | 899,161 | 47,246 |
| Interest | 30,647 | 30,647 | 41,246 | 10,599 |
| Cost Reimbursment/Miscellaneous | 110,953 | 110,953 | 82,212 | (28,741) |
| Bond Sales Proceeds | 400,000 | 400,000 | 540,871 | 140,871 |
| Transfers In | 502,782 | 593,912 | 577,753 | (16,159) |
| Total Resources (Inflows) | 2,206,119 | 2,297,249 | 2,448,475 | 151,226 |
| Amount Available for Appropriation | 2,911,297 | 3,002,427 | 3,153,653 | 151,226 |
| Charges to Appropriations (Outflows): | | | | |
| Current: | | | | |
| Transportation and Law Enforcement | 820,241 | 860,448 | 832,225 | 28,223 |
| Capital Outlay | | | | |
| Transportation and Law Enforcement | 1,097,332 | 1,151,123 | 1,113,365 | 37,758 |
| Debt Service | 273,486 | 304,186 | 192,457 | 111,729 |
| Total Charges to Appropriations | 2,191,059 | 2,315,757 | 2,138,047 | 177,710 |
| Ending Budgetary Fund Balance | $ 720,238 | $ 686,670 | $ 1,015,606 | $ 328,936 |
| Reconciling Items: | | | | |
| Reclassifying Cash Equivalents as Investments | | | (804,478) | |
| Investments at Fair Value | | | 810,756 | |
| Receivables | | | 95,843 | |
| Due from Other Funds | | | 768 | |
| Inventories | | | 42,443 | |
| Accounts Payable | | | (106,209) | |
| Accrued Payroll | | | (17,787) | |
| Due to Other Funds | | | (964) | |
| Deferred Revenue | | | (25,202) | |
| Advance from Component Units | | | (6,167) | |
| Fund Balance - GAAP Basis | | | $ 1,004,609 | |

# *The **Combining and Individual** Fund Statements and Schedules*

## Major Funds

**General Fund –** Accounts for all current financial resources not required by law or administrative action to be accounted for in another fund.

## Non-Major Funds

This includes all non-major governmental and enterprise funds, as well as the non-major component units. It also includes all internal service and fiduciary funds because the "major fund" classification, created under GASB Statement 34, does not apply to these funds.

A budgetary comparison schedule is provided for all non-major governmental funds with the exception of capital projects funds.

**STATE OF MISSOURI**
**BALANCE SHEET**
**GENERAL FUND**
**June 30, 2008**
**(In Thousands of Dollars)**

| | General Fund | | | Totals |
|---|---|---|---|---|
| | General | Federal | Eliminations | June 30, 2008 |
| **ASSETS** | | | | |
| Cash and Cash Equivalents | $ 159,338 | $ 15,374 | $ --- | $ 174,712 |
| Investments | 1,586,387 | 189,318 | --- | 1,775,705 |
| Accounts Receivable, Net | 918,304 | 580,049 | --- | 1,498,353 |
| Interest Receivable | 15,282 | 257 | --- | 15,539 |
| Due from Other Funds | 3 | 16 | (2) | 17 |
| Inventories | 19,170 | 1,013 | --- | 20,183 |
| Total Assets | $ 2,698,484 | $ 786,027 | $ (2) | $ 3,484,509 |
| **LIABILITIES AND FUND BALANCES** | | | | |
| Liabilities: | | | | |
| Accounts Payable | $ 391,050 | $ 492,140 | $ --- | $ 883,190 |
| Accrued Payroll | 46,911 | 13,415 | --- | 60,326 |
| Due to Other Funds | 13,276 | 2,867 | (2) | 16,141 |
| Deferred Revenue | 441,487 | 65,838 | --- | 507,325 |
| Arbitrage Liability | 49 | --- | --- | 49 |
| Escheat/Unclaimed Property | 97,038 | --- | --- | 97,038 |
| Total Liabilities | 989,811 | 574,260 | (2) | 1,564,069 |
| Fund Balances: | | | | |
| Reserved for: | | | | |
| Budget Reserve | 559,206 | --- | --- | 559,206 |
| Inventories | 19,170 | 1,013 | --- | 20,183 |
| Forfeited Assets | 797 | --- | --- | 797 |
| Taxes | 4,255 | --- | --- | 4,255 |
| Unreserved | 1,125,245 | 210,754 | --- | 1,335,999 |
| Total Fund Balances | 1,708,673 | 211,767 | --- | 1,920,440 |
| Total Liabilities and Fund Balances | $ 2,698,484 | $ 786,027 | $ (2) | $ 3,484,509 |

STATE OF MISSOURI
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GENERAL FUND
For the Fiscal Year Ended June 30, 2008
(In Thousands of Dollars)

| | General Fund | | | Totals |
|---|---|---|---|---|
| | General | Federal | Eliminations | June 30, 2008 |
| **Revenues:** | | | | |
| Taxes | $ 7,783,239 | $ --- | $ --- | $ 7,783,239 |
| Licenses, Fees, and Permits | 76,285 | 415 | --- | 76,700 |
| Sales | 1,768 | 501 | --- | 2,269 |
| Leases and Rentals | 18 | --- | --- | 18 |
| Services | 79,511 | 151,798 | --- | 231,309 |
| Contributions and Intergovernmental | 1,469,322 | 6,084,510 | --- | 7,553,832 |
| Investment Earnings: | | | | |
| Net Increase (Decrease) in the Fair Value of Investments | 5,044 | 615 | --- | 5,659 |
| Interest | 102,133 | 1,809 | --- | 103,942 |
| Penalties and Unclaimed Properties | 35,478 | 51 | --- | 35,529 |
| Cost Reimbursement/Miscellaneous | 37,216 | 144,353 | --- | 181,569 |
| Total Revenues | 9,590,014 | 6,384,052 | --- | 15,974,066 |
| **Expenditures:** | | | | |
| Current: | | | | |
| General Government | 673,247 | 81,950 | --- | 755,197 |
| Education | 1,012,433 | 869,675 | --- | 1,882,108 |
| Natural and Economic Resources | 53,639 | 247,920 | --- | 301,559 |
| Transportation and Law Enforcement | 109,107 | 280,371 | --- | 389,478 |
| Human Services | 4,712,553 | 4,890,363 | --- | 9,602,916 |
| Debt Service: | | | | |
| Principal | 46,211 | 1,636 | --- | 47,847 |
| Interest | 45,168 | 660 | --- | 45,828 |
| Total Expenditures | 6,652,358 | 6,372,575 | --- | 13,024,933 |
| Excess Revenues (Expenditures) | 2,937,656 | 11,477 | --- | 2,949,133 |
| **Other Financing Sources (Uses):** | | | | |
| Proceeds from Capital Leases | 27,069 | 1,280 | --- | 28,349 |
| Proceeds from Capital Asset Sale | 278 | 21 | --- | 299 |
| Transfers In | 89,763 | 4,297 | (38,486) | 55,574 |
| Transfers Out | (2,968,937) | (35,544) | 38,486 | (2,965,995) |
| Total Other Financing Sources (Uses) | (2,851,827) | (29,946) | --- | (2,881,773) |
| Net Change in Fund Balances | 85,829 | (18,469) | --- | 67,360 |
| Fund Balances - Beginning | 1,626,586 | 230,327 | --- | 1,856,913 |
| Increase (Decrease) in Reserve for Inventory | (3,742) | (91) | --- | (3,833) |
| Fund Balances - Ending | $ 1,708,673 | $ 211,767 | $ --- | $ 1,920,440 |

STATE OF MISSOURI
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS - BY FUND TYPE
June 30, 2008
(In Thousands of Dollars)

| | Special Revenue | Debt Service | Capital Projects | Permanent | Totals June 30, 2008 |
|---|---|---|---|---|---|
| **ASSETS** | | | | | |
| Cash and Cash Equivalents | $ 22,537 | $ 18,165 | $ 10,685 | $ 191 | $ 51,578 |
| Investments | 286,330 | 83,123 | 57,956 | 62,842 | 490,251 |
| Accounts Receivable, Net | 23,675 | --- | --- | --- | 23,675 |
| Interest Receivable | 1,270 | 786 | 490 | 4 | 2,550 |
| Due from Other Funds | 933 | --- | --- | --- | 933 |
| Inventories | 221 | --- | --- | --- | 221 |
| Loans Receivable | 375 | --- | --- | --- | 375 |
| Total Assets | $ 335,341 | $ 102,074 | $ 69,131 | $ 63,037 | $ 569,583 |
| **LIABILITIES AND FUND BALANCES** | | | | | |
| Liabilities: | | | | | |
| Accounts Payable | $ 36,753 | $ --- | $ 18 | $ --- | $ 36,771 |
| Accrued Payroll | 3,416 | --- | 43 | --- | 3,459 |
| Due to Other Funds | 864 | --- | --- | --- | 864 |
| Deferred Revenue | 6,376 | 386 | 241 | 2 | 7,005 |
| Total Liabilities | 47,409 | 386 | 302 | 2 | 48,099 |
| Fund Balances: | | | | | |
| Reserved for Inventories | 221 | --- | --- | --- | 221 |
| Reserved for Debt Service | --- | 101,688 | --- | --- | 101,688 |
| Reserved for Loans Receivable | 375 | --- | --- | --- | 375 |
| Reserved for Trust Principal | --- | --- | --- | 62,919 | 62,919 |
| Unreserved | 287,336 | --- | 68,829 | 116 | 356,281 |
| Total Fund Balances | 287,932 | 101,688 | 68,829 | 63,035 | 521,484 |
| Total Liabilities and Fund Balances | $ 335,341 | $ 102,074 | $ 69,131 | $ 63,037 | $ 569,583 |

STATE OF MISSOURI
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS - BY FUND TYPE
For the Fiscal Year Ended June 30, 2008
(In Thousands of Dollars)

| | Special Revenue | Debt Service | Capital Projects | Permanent | Totals June 30, 2008 |
|---|---|---|---|---|---|
| **Revenues:** | | | | | |
| Taxes | $ 133,586 | $ --- | $ --- | $ --- | $ 133,586 |
| Licenses, Fees, and Permits | 174,087 | --- | --- | --- | 174,087 |
| Sales | 1,759 | --- | --- | --- | 1,759 |
| Leases and Rentals | 224 | --- | --- | --- | 224 |
| Services | 200 | --- | --- | --- | 200 |
| Contributions and Intergovernmental | 22,136 | --- | 178 | --- | 22,314 |
| Investment Earnings: | | | | | |
| Net Increase (Decrease) in the Fair Value of Investments | 269 | 444 | 243 | (4,445) | (3,489) |
| Interest | 12,952 | 5,042 | 1,978 | 28 | 20,000 |
| Penalties and Unclaimed Properties | 11,713 | --- | --- | 1,933 | 13,646 |
| Cost Reimbursement/Miscellaneous | 184,833 | 162 | 13 | --- | 185,008 |
| Total Revenues | 541,759 | 5,648 | 2,412 | (2,484) | 547,335 |
| **Expenditures:** | | | | | |
| Current: | | | | | |
| General Government | 46,547 | --- | 109 | --- | 46,656 |
| Education | 7,084 | --- | --- | --- | 7,084 |
| Natural and Economic Resources | 229,632 | --- | 1,855 | --- | 231,487 |
| Transportation and Law Enforcement | 45,374 | --- | 2,865 | --- | 48,239 |
| Human Services | 208,696 | --- | 70 | --- | 208,766 |
| Capital Outlay: | | | | | |
| Transportation and Law Enforcement | --- | --- | 677 | --- | 677 |
| Human Services | --- | --- | 3,133 | --- | 3,133 |
| Debt Service: | | | | | |
| Principal | 718 | 66,395 | 1,955 | --- | 69,068 |
| Interest | 283 | 32,302 | 44 | --- | 32,629 |
| Bond Issuance Cost | --- | --- | 63 | --- | 63 |
| Underwriter's Discount | --- | --- | 220 | --- | 220 |
| Total Expenditures | 538,334 | 98,697 | 10,991 | --- | 648,022 |
| Excess Revenues (Expenditures) | 3,425 | (93,049) | (8,579) | (2,484) | (100,687) |
| **Other Financing Sources (Uses):** | | | | | |
| Debt Issuance | --- | --- | 50,000 | --- | 50,000 |
| Bond Premium | --- | --- | 553 | --- | 553 |
| Proceeds from Capital Leases | 148 | --- | --- | --- | 148 |
| Transfers In | 79,530 | 92,141 | 6,000 | --- | 177,671 |
| Transfers Out | (96,267) | --- | (18) | --- | (96,285) |
| Total Other Financing Sources (Uses) | (16,589) | 92,141 | 56,535 | --- | 132,087 |
| Net Change in Fund Balances | (13,164) | (908) | 47,956 | (2,484) | 31,400 |
| Fund Balances - Beginning | 301,083 | 102,596 | 20,873 | 65,519 | 490,071 |
| Increase (Decrease) in Reserve for Inventory | 13 | --- | --- | --- | 13 |
| Fund Balances - Ending | $ 287,932 | $ 101,688 | $ 68,829 | $ 63,035 | $ 521,484 |

*The **Special Revenue Funds** account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. The State has numerous individual Special Revenue Funds. Therefore, the funds have been combined into specific functional areas.*

## Non-Major Special Revenue Funds:

**Professional Registration:** Provides for the control and regulation of various professions. Each profession has its own fund to account for its operation.

**Judicial Protection and Assistance:** Provides for protection of public employees by the Attorney General's Office, conviction of criminal offenders by prosecuting attorneys and assistance to victims of criminal offenses.

**Agriculture and State Fair:** Provides for inspections of products, market development, and awards for competition at the State Fair.

**Social Assistance:** Provides financial, health, and other services to qualifying individuals.

**Unemployment and Workers' Compensation:** Provides for the administration of these laws and benefits to workers who qualify for workers' compensation.

**Reimbursements and Other:** Provides various reimbursements of costs to other governments and various regulatory commissions not included in other functional areas.

# STATE OF MISSOURI
## COMBINING BALANCE SHEET
## NON-MAJOR SPECIAL REVENUE FUNDS
## June 30, 2008
## (In Thousands of Dollars)

| | Professional Registration | Judicial Protection and Assistance | Agriculture and State Fair | Social Assistance | Unemployment and Workers' Compensation | Reimbursements and Other | Totals June 30, 2008 |
|---|---|---|---|---|---|---|---|
| **ASSETS** | | | | | | | |
| Cash and Cash Equivalents | $ 3,369 | $ 1,979 | $ 425 | $ 7,767 | $ 4,209 | $ 4,788 | $ 22,537 |
| Investments | 41,100 | 24,105 | 7,019 | 103,912 | 52,360 | 57,834 | 286,330 |
| Accounts Receivable, Net | --- | 1,726 | 49 | 4,968 | 14,325 | 2,607 | 23,675 |
| Interest Receivable | --- | 105 | 56 | 419 | 391 | 299 | 1,270 |
| Due from Other Funds | --- | 38 | --- | --- | 225 | 670 | 933 |
| Inventories | 27 | 30 | 1 | 4 | --- | 159 | 221 |
| Loans Receivable | --- | --- | 375 | --- | --- | --- | 375 |
| Total Assets | $ 44,496 | $ 27,983 | $ 7,925 | $ 117,070 | $ 71,510 | $ 66,357 | $ 335,341 |
| **LIABILITIES AND FUND BALANCES** | | | | | | | |
| Liabilities: | | | | | | | |
| Accounts Payable | $ 279 | $ 1,113 | $ 2,867 | $ 3,892 | $ 24,691 | $ 3,911 | $ 36,753 |
| Accrued Payroll | 197 | 401 | 82 | 305 | 422 | 2,009 | 3,416 |
| Due to Other Funds | 31 | 167 | 10 | 34 | 431 | 191 | 864 |
| Deferred Revenue | --- | 165 | 8 | 3,615 | 2,219 | 369 | 6,376 |
| Total Liabilities | 507 | 1,846 | 2,967 | 7,846 | 27,763 | 6,480 | 47,409 |
| Fund Balances: | | | | | | | |
| Reserved for: | | | | | | | |
| Inventories | 27 | 30 | 1 | 4 | --- | 159 | 221 |
| Loans Receivable | --- | --- | 375 | --- | --- | --- | 375 |
| Unreserved | 43,962 | 26,107 | 4,582 | 109,220 | 43,747 | 59,718 | 287,336 |
| Total Fund Balances | 43,989 | 26,137 | 4,958 | 109,224 | 43,747 | 59,877 | 287,932 |
| Total Liabilities and Fund Balances | $ 44,496 | $ 27,983 | $ 7,925 | $ 117,070 | $ 71,510 | $ 66,357 | $ 335,341 |

STATE OF MISSOURI
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NON-MAJOR SPECIAL REVENUE FUNDS
For the Fiscal Year Ended June 30, 2008
(In Thousands of Dollars)

| | Professional Registration | Judicial Protection and Assistance | Agriculture and State Fair | Social Assistance | Unemployment and Workers' Compensation | Reimbursements and Other | Totals June 30, 2008 |
|---|---|---|---|---|---|---|---|
| **Revenues:** | | | | | | | |
| Taxes | $ 121 | $ --- | $ 1,332 | $ 64,307 | $ 67,795 | $ 31 | $ 133,586 |
| Licenses, Fees, and Permits | 15,322 | 31,318 | 4,150 | 20,080 | --- | 103,217 | 174,087 |
| Sales | --- | 4 | 12 | 1,088 | --- | 655 | 1,759 |
| Leases and Rentals | --- | --- | --- | 224 | --- | --- | 224 |
| Services | --- | 177 | --- | 12 | --- | 11 | 200 |
| Contributions and Intergovernmental | --- | 271 | 68 | 20,674 | 225 | 898 | 22,136 |
| Investment Earnings: | | | | | | | |
| Net Increase (Decrease) in the Fair Value of Investments | 137 | 79 | 153 | (465) | 180 | 185 | 269 |
| Interest | --- | 336 | --- | 3,183 | 7,078 | 2,355 | 12,952 |
| Penalties and Unclaimed Properties | 201 | 6,788 | --- | 43 | 3,236 | 1,445 | 11,713 |
| Cost Reimbursement/Miscellaneous | 228 | 1,884 | 234 | 156,330 | 215 | 25,942 | 184,833 |
| Total Revenues | 16,009 | 40,857 | 5,949 | 265,476 | 78,729 | 134,739 | 541,759 |
| **Expenditures:** | | | | | | | |
| Current: | | | | | | | |
| General Government | 224 | 26,322 | 125 | 2,733 | 6,783 | 10,360 | 46,547 |
| Education | 99 | --- | 1 | 6,897 | 21 | 66 | 7,084 |
| Natural and Economic Resources | 15,933 | 5,087 | 33,913 | 13,774 | 86,336 | 74,589 | 229,632 |
| Transportation and Law Enforcement | --- | 16,738 | --- | 6,321 | 11 | 22,304 | 45,374 |
| Human Services | 3 | 4 | 4 | 199,972 | 100 | 8,613 | 208,696 |
| Debt Service: | | | | | | | |
| Principal | --- | 86 | --- | 1 | 64 | 567 | 718 |
| Interest | --- | 54 | --- | 3 | 47 | 179 | 283 |
| Total Expenditures | 16,259 | 48,291 | 34,043 | 229,701 | 93,362 | 116,678 | 538,334 |
| Excess Revenues (Expenditures) | (250) | (7,434) | (28,094) | 35,775 | (14,633) | 18,061 | 3,425 |
| **Other Financing Sources (Uses):** | | | | | | | |
| Proceeds from Capital Leases | --- | --- | --- | --- | --- | 148 | 148 |
| Transfers In | --- | 6,621 | 26,382 | 11,272 | --- | 35,255 | 79,530 |
| Transfers Out | (2,165) | (6) | --- | (46,172) | (50) | (47,874) | (96,267) |
| Total Other Financing Sources (Uses) | (2,165) | 6,615 | 26,382 | (34,900) | (50) | (12,471) | (16,589) |
| Net Change in Fund Balances | (2,415) | (819) | (1,712) | 875 | (14,683) | 5,590 | (13,164) |
| Fund Balances - Beginning | 46,403 | 26,950 | 6,669 | 108,345 | 58,430 | 54,286 | 301,083 |
| Increase (Decrease) in Reserve for Inventory | 1 | 6 | 1 | 4 | --- | 1 | 13 |
| Fund Balances - Ending | $ 43,989 | $ 26,137 | $ 4,958 | $ 109,224 | $ 43,747 | $ 59,877 | $ 287,932 |

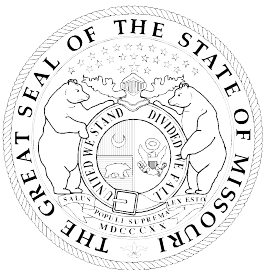
**STATE OF MISSOURI**
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**
**BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL**
**NON-MAJOR SPECIAL REVENUE FUNDS**
**For the Fiscal Year Ended June 30, 2008**
**(In Thousands of Dollars)**

| | Professional Registration | | | Judicial Protection and Assistance | | | Agriculture and State Fair | | | Social Assistance | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Budget | Actual | Variance | Budget | Actual | Variance | Budget | Actual | Variance | Budget | Actual | Variance |
| **Revenues:** | | | | | | | | | | | | |
| Taxes: | | | | | | | | | | | | |
| Cigarette | $ --- | $ --- | $ --- | $ --- | $ --- | $ --- | $ --- | $ --- | $ --- | $ 33,525 | $ 35,074 | $ 1,549 |
| Liquor | --- | --- | --- | --- | --- | --- | 1,450 | 1,332 | (118) | --- | --- | --- |
| Reimbursement/Miscellaneous | 120 | 121 | 1 | --- | --- | --- | --- | --- | --- | 27,686 | 28,970 | 1,284 |
| Total Taxes | 120 | 121 | 1 | --- | --- | --- | 1,450 | 1,332 | (118) | 61,211 | 64,044 | 2,833 |
| Licenses, Fees, and Permits | 15,281 | 15,331 | 50 | 31,549 | 31,285 | (264) | 4,701 | 4,319 | (382) | 19,455 | 20,355 | 900 |
| Leases and Rentals | --- | --- | --- | --- | --- | --- | --- | --- | --- | 214 | 224 | 10 |
| Sales | --- | --- | --- | --- | --- | --- | 12 | 12 | --- | 1,016 | 1,063 | 47 |
| Services | --- | --- | --- | 178 | 177 | (1) | --- | --- | --- | 12 | 12 | --- |
| Contributions and Intergovernmental | 2 | 1 | (1) | 1,605 | 1,593 | (12) | 84 | 77 | (7) | 21,398 | 22,389 | 991 |
| Interest | --- | --- | --- | 361 | 357 | (4) | 110 | 101 | (9) | 3,053 | 3,194 | 141 |
| Penalties and Unclaimed Property | 201 | 201 | --- | 6,858 | 6,802 | (56) | --- | --- | --- | 34 | 39 | 5 |
| Cost Reimbursement/ Miscellaneous | 228 | 229 | 1 | 1,911 | 1,893 | (18) | 552 | 507 | (45) | 150,346 | 157,305 | 6,959 |
| Total Revenues | 15,832 | 15,883 | 51 | 42,462 | 42,107 | (355) | 6,909 | 6,348 | (561) | 256,739 | 268,625 | 11,886 |
| **Expenditures:** | | | | | | | | | | | | |
| Current: | | | | | | | | | | | | |
| General Government | 18 | 7 | 11 | 29,334 | 24,763 | 4,571 | 272 | 117 | 155 | 6,111 | 3,988 | 2,123 |
| Education | 117 | 100 | 17 | --- | --- | --- | --- | --- | --- | 10,829 | 7,760 | 3,069 |
| Natural and Economic Resources | 9,822 | 8,077 | 1,745 | 7,684 | 4,978 | 2,706 | 49,287 | 31,375 | 17,912 | 24,236 | 13,610 | 10,626 |
| Transportation and Law Enforcement | --- | --- | --- | 21,830 | 17,110 | 4,720 | 5 | --- | 5 | 6,843 | 5,834 | 1,009 |
| Human Services | --- | --- | --- | --- | --- | --- | --- | --- | --- | 225,602 | 192,782 | 32,820 |
| Debt Service | --- | --- | --- | --- | --- | --- | --- | --- | --- | 3 | 3 | --- |
| Total Expenditures | 9,957 | 8,184 | 1,773 | 58,848 | 46,851 | 11,997 | 49,564 | 31,492 | 18,072 | 273,624 | 223,977 | 49,647 |
| Excess Revenues (Expenditures) | 5,875 | 7,699 | 1,824 | (16,386) | (4,744) | 11,642 | (42,655) | (25,144) | 17,511 | (16,885) | 44,648 | 61,533 |
| **Other Financing Sources (Uses):** | | | | | | | | | | | | |
| Transfers In | --- | --- | --- | 6,725 | 6,625 | (100) | 41,776 | 26,383 | (15,393) | 30,106 | 13,235 | (16,871) |
| Transfers Out | (12,800) | (10,159) | 2,641 | (2,617) | (2,362) | 255 | (1,250) | (748) | 502 | (129,600) | (53,553) | 76,047 |
| Total Other Financing Sources (Uses) | (12,800) | (10,159) | 2,641 | 4,108 | 4,263 | 155 | 40,526 | 25,635 | (14,891) | (99,494) | (40,318) | 59,176 |
| Net Change in Fund Balances | (6,925) | (2,460) | 4,465 | (12,278) | (481) | 11,797 | (2,129) | 491 | 2,620 | (116,379) | 4,330 | 120,709 |
| Fund Balances – Beginning | 46,834 | 46,834 | --- | 26,509 | 26,509 | --- | 3,286 | 3,286 | --- | 97,555 | 97,555 | --- |
| Fund Balances – Ending | $ 39,909 | $ 44,374 | $ 4,465 | $ 14,231 | $ 26,028 | $ 11,797 | $ 1,157 | $ 3,777 | $ 2,620 | $ (18,824) | $ 101,885 | $ 120,709 |
| Reconciling Items: | | | | | | | | | | | | |
| Reclassifying Cash Equivalents as Investments | | (41,005) | | | (24,049) | | | (3,352) | | | (94,118) | |
| Investments at Fair Value | | 41,100 | | | 24,105 | | | 7,019 | | | 103,912 | |
| Receivables | | --- | | | 1,831 | | | 480 | | | 5,387 | |
| Due from Other Funds | | --- | | | 38 | | | --- | | | --- | |
| Inventories | | 27 | | | 30 | | | 1 | | | 4 | |
| Accounts Payable | | (279) | | | (1,113) | | | (2,867) | | | (3,892) | |
| Accrued Payroll | | (197) | | | (401) | | | (82) | | | (305) | |
| Due to Other Funds | | (31) | | | (167) | | | (10) | | | (34) | |
| Deferred Revenue | | --- | | | (165) | | | (8) | | | (3,615) | |
| Fund Balance per GAAP | | $ 43,989 | | | $ 26,137 | | | $ 4,958 | | | $ 109,224 | |

This schedule is continued on pages 111-112.

| | Unemployment and Workers' Compensation | | | Reimbursements and Other | | | Totals | | |
|---|---|---|---|---|---|---|---|---|---|
| | Budget | Actual | Variance | Budget | Actual | Variance | Budget | Actual | Variance |
| **Revenues:** | | | | | | | | | |
| Taxes: | | | | | | | | | |
| Cigarette | $ --- | $ --- | $ --- | $ --- | $ --- | $ --- | $ 33,525 | $ 35,074 | $ 1,549 |
| Liquor | --- | --- | --- | --- | --- | --- | 1,450 | 1,332 | (118) |
| Reimbursement/Miscellaneous | 63,428 | 74,233 | 10,805 | --- | --- | --- | 91,234 | 103,324 | 12,090 |
| Total Taxes | 63,428 | 74,233 | 10,805 | --- | --- | --- | 126,209 | 139,730 | 13,521 |
| Licenses, Fees and Permits | --- | --- | --- | 114,071 | 103,170 | (10,901) | 185,057 | 174,460 | (10,597) |
| Leases and Rentals | --- | --- | --- | --- | --- | --- | 214 | 224 | 10 |
| Sales | --- | --- | --- | 695 | 629 | (66) | 1,723 | 1,704 | (19) |
| Services | --- | --- | --- | 15 | 11 | (4) | 205 | 200 | (5) |
| Contributions and Intergovernmental | 890 | 1,040 | 150 | 1,148 | 1,038 | (110) | 25,127 | 26,138 | 1,011 |
| Interest | 6,150 | 7,200 | 1,050 | 2,644 | 2,393 | (251) | 12,318 | 13,245 | 927 |
| Penalties and Unclaimed Property | 2,766 | 3,236 | 470 | 1,602 | 1,445 | (157) | 11,461 | 11,723 | 262 |
| Cost Reimbursement/ Miscellaneous | 331 | 391 | 60 | 30,913 | 27,964 | (2,949) | 184,281 | 188,289 | 4,008 |
| Total Revenues | 73,565 | 86,100 | 12,535 | 151,088 | 136,650 | (14,438) | 546,595 | 555,713 | 9,118 |
| **Expenditures:** | | | | | | | | | |
| Current: | | | | | | | | | |
| General Government | 7,871 | 5,319 | 2,552 | 23,010 | 8,281 | 14,729 | 66,616 | 42,475 | 24,141 |
| Education | --- | --- | --- | 400 | 54 | 346 | 11,346 | 7,914 | 3,432 |
| Natural and Economic Resources | 93,921 | 83,443 | 10,478 | 86,548 | 64,506 | 22,042 | 271,498 | 205,989 | 65,509 |
| Transportation and Law Enforcement | --- | --- | --- | 22,889 | 19,746 | 3,143 | 51,567 | 42,690 | 8,877 |
| Human Services | --- | --- | --- | 21,088 | 9,987 | 11,101 | 246,690 | 202,769 | 43,921 |
| Debt Service | --- | --- | --- | 47 | 34 | 13 | 50 | 37 | 13 |
| Total Expenditures | 101,792 | 88,762 | 13,030 | 153,982 | 102,608 | 51,374 | 647,767 | 501,874 | 145,893 |
| Excess Revenues (Expenditures) | (28,227) | (2,662) | 25,565 | (2,894) | 34,042 | 36,936 | (101,172) | 53,839 | 155,011 |
| **Other Financing Sources (Uses):** | | | | | | | | | |
| Transfers In | --- | --- | --- | 42,975 | 35,284 | (7,691) | 121,582 | 81,527 | (40,055) |
| Transfers Out | (7,849) | (7,206) | 643 | (71,087) | (64,866) | 6,221 | (225,203) | (138,894) | 86,309 |
| Total Other Financing Sources (Uses) | (7,849) | (7,206) | 643 | (28,112) | (29,582) | (1,470) | (103,621) | (57,367) | 46,254 |
| Net Change in Fund Balances | (36,076) | (9,868) | 26,208 | (31,006) | 4,460 | 35,466 | (204,793) | (3,528) | 201,265 |
| Fund Balances – Beginning | 66,317 | 66,317 | --- | 58,025 | 58,025 | --- | 298,526 | 298,526 | --- |
| Fund Balances – Ending | $ 30,241 | $ 56,449 | $ 26,208 | $ 27,019 | $ 62,485 | $ 35,466 | $ 93,733 | $ 294,998 | $ 201,265 |
| Reconciling Items: | | | | | | | | | |
| Reclassifying Cash Equivalents as Investments | | (52,240) | | | (57,697) | | | (272,461) | |
| Investments at Fair Value | | 52,360 | | | 57,834 | | | 286,330 | |
| Receivables | | 14,716 | | | 2,906 | | | 25,320 | |
| Due from Other Funds | | 225 | | | 670 | | | 933 | |
| Inventories | | --- | | | 159 | | | 221 | |
| Accounts Payable | | (24,691) | | | (3,911) | | | (36,753) | |
| Accrued Payroll | | (422) | | | (2,009) | | | (3,416) | |
| Due to Other Funds | | (431) | | | (191) | | | (864) | |
| Deferred Revenue | | (2,219) | | | (369) | | | (6,376) | |
| Fund Balance per GAAP | | $ 43,747 | | | $ 59,877 | | | $ 287,932 | |

This schedule is continued from pages 109–110.




*The **Debt Service Funds** account for the accumulation of resources for, and the payment of, general long-term debt principal and interest.*

## Debt Service Funds:

**Water Pollution Control Bond and Interest** – Accounts for moneys used to pay the principal of the Water Pollution Control Bonds and the interest thereon.

**Third State Building Bond Interest and Sinking** – Accounts for moneys used to pay the principal of the Third State Building Bonds and the interest thereon.

**Fourth State Building Bond and Interest** – Accounts for moneys used to pay the principal of the Fourth State Building Bonds and the interest thereon.

**Stormwater Control Bond and Interest** – Accounts for moneys used to pay the principal of the Stormwater Control Bonds and the interest thereon.

STATE OF MISSOURI
COMBINING BALANCE SHEET
DEBT SERVICE FUNDS
June 30, 2008
(In Thousands of Dollars)

| | Water Pollution Control Bond and Interest | Third State Building Bond Interest and Sinking | Fourth State Building Bond and Interest | Stormwater Control Bond and Interest | Totals June 30, 2008 |
|---|---|---|---|---|---|
| **ASSETS** | | | | | |
| Cash and Cash Equivalents | $ 5,512 | $ 8,913 | $ 3,237 | $ 503 | $ 18,165 |
| Investments | 25,222 | 40,785 | 14,814 | 2,302 | 83,123 |
| Interest Receivable | 237 | 387 | 140 | 22 | 786 |
| Total Assets | $ 30,971 | $ 50,085 | $ 18,191 | $ 2,827 | $ 102,074 |
| **LIABILITIES AND FUND BALANCES** | | | | | |
| Liabilities: | | | | | |
| Deferred Revenue | $ 117 | $ 190 | $ 69 | $ 10 | $ 386 |
| Total Liabilities | 117 | 190 | 69 | 10 | 386 |
| Fund Balances: | | | | | |
| Reserved for Debt Service | 30,854 | 49,895 | 18,122 | 2,817 | 101,688 |
| Total Fund Balances | 30,854 | 49,895 | 18,122 | 2,817 | 101,688 |
| Total Liabilities and Fund Balances | $ 30,971 | $ 50,085 | $ 18,191 | $ 2,827 | $ 102,074 |

STATE OF MISSOURI
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
DEBT SERVICE FUNDS
For the Fiscal Year Ended June 30, 2008
(In Thousands of Dollars)

| | Water Pollution Control Bond and Interest | Third State Building Bond Interest and Sinking | Fourth State Building Bond and Interest | Stormwater Control Bond and Interest | Totals June 30, 2008 |
|---|---|---|---|---|---|
| **Revenues:** | | | | | |
| Investment Earnings: | | | | | |
| Net Increase (Decrease) in the Fair Value of Investments | $ 133 | $ 220 | $ 79 | $ 12 | $ 444 |
| Interest | 1,460 | 2,501 | 876 | 205 | 5,042 |
| Cost Reimbursement/ Miscellaneous | 162 | --- | --- | --- | 162 |
| Total Revenues | 1,755 | 2,721 | 955 | 217 | 5,648 |
| **Expenditures:** | | | | | |
| Debt Service: | | | | | |
| Principal | 13,895 | 44,015 | 7,780 | 705 | 66,395 |
| Interest | 14,193 | 6,981 | 9,307 | 1,821 | 32,302 |
| Total Expenditures | 28,088 | 50,996 | 17,087 | 2,526 | 98,697 |
| Excess Revenues (Expenditures) | (26,333) | (48,275) | (16,132) | (2,309) | (93,049) |
| **Other Financing Sources (Uses):** | | | | | |
| Transfers In | 28,828 | 44,501 | 16,402 | 2,410 | 92,141 |
| Total Other Financing Sources (Uses) | 28,828 | 44,501 | 16,402 | 2,410 | 92,141 |
| Net Change in Fund Balances | 2,495 | (3,774) | 270 | 101 | (908) |
| Fund Balances - Beginning | 28,359 | 53,669 | 17,852 | 2,716 | 102,596 |
| Fund Balances - Ending | $ 30,854 | $ 49,895 | $ 18,122 | $ 2,817 | $ 101,688 |

**STATE OF MISSOURI**
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**
**BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL**
**DEBT SERVICE FUNDS**
**For the Fiscal Year Ended June 30, 2008**
**(In Thousands of Dollars)**

| | Water Pollution Control Bond and Interest | | | Third State Building Bond Interest and Sinking | | | Fourth State Building Bond and Interest | | | Stormwater Control Bond and Interest | | | Totals | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Budget | Actual | Variance | Budget | Actual | Variance | Budget | Actual | Variance | Budget | Actual | Variance | Budget | Actual | Variance |
| **Revenues:** | | | | | | | | | | | | | | | |
| Interest | $ 1,255 | $ 1,502 | $ 247 | $ 2,633 | $ 2,613 | $ (20) | $ 876 | $ 907 | $ 31 | $ 133 | $ 209 | $ 76 | $ 4,897 | $ 5,231 | $ 334 |
| Reimbursement/Miscellaneous | 136 | 163 | 27 | --- | --- | --- | --- | --- | --- | --- | --- | --- | 136 | 163 | 27 |
| Total Revenues | 1,391 | 1,665 | 274 | 2,633 | 2,613 | (20) | 876 | 907 | 31 | 133 | 209 | 76 | 5,033 | 5,394 | 361 |
| **Expenditures:** | | | | | | | | | | | | | | | |
| Debt Service | 30,463 | 28,088 | 2,375 | 50,997 | 50,996 | 1 | 17,087 | 17,087 | --- | 2,580 | 2,526 | 54 | 101,127 | 98,697 | 2,430 |
| Total Expenditures | 30,463 | 28,088 | 2,375 | 50,997 | 50,996 | 1 | 17,087 | 17,087 | --- | 2,580 | 2,526 | 54 | 101,127 | 98,697 | 2,430 |
| Excess Revenues (Expenditures) | (29,072) | (26,423) | 2,649 | (48,364) | (48,383) | (19) | (16,211) | (16,180) | 31 | (2,447) | (2,317) | 130 | (96,094) | (93,303) | 2,791 |
| **Other Financing Sources (Uses):** | | | | | | | | | | | | | | | |
| Transfers In | 30,085 | 28,828 | (1,257) | 46,905 | 44,501 | (2,404) | 17,078 | 16,402 | (676) | 2,580 | 2,410 | (170) | 96,648 | 92,141 | (4,507) |
| Total Other Financing Sources (Uses) | 30,085 | 28,828 | (1,257) | 46,905 | 44,501 | (2,404) | 17,078 | 16,402 | (676) | 2,580 | 2,410 | (170) | 96,648 | 92,141 | (4,507) |
| Net Change in Fund Balances | 1,013 | 2,405 | 1,392 | (1,459) | (3,882) | (2,423) | 867 | 222 | (645) | 133 | 93 | (40) | 554 | (1,162) | (1,716) |
| Fund Balances – Beginning | 28,217 | 28,217 | --- | 53,401 | 53,401 | --- | 17,763 | 17,763 | --- | 2,703 | 2,703 | --- | 102,084 | 102,084 | --- |
| Fund Balances – Ending | $ 29,230 | $ 30,622 | $ 1,392 | $ 51,942 | $ 49,519 | $ (2,423) | $ 18,630 | $ 17,985 | $ (645) | $ 2,836 | $ 2,796 | $ (40) | $ 102,638 | $ 100,922 | $ (1,716) |
| Reconciling Items: | | | | | | | | | | | | | | | |
| Reclassifying Cash Equivalents as Investments | | (25,110) | | | (40,606) | | | (14,748) | | | (2,293) | | | (82,757) | |
| Investments at Fair Value | | 25,222 | | | 40,785 | | | 14,814 | | | 2,302 | | | 83,123 | |
| Interest Receivable | | 237 | | | 387 | | | 140 | | | 22 | | | 786 | |
| Deferred Revenues | | (117) | | | (190) | | | (69) | | | (10) | | | (386) | |
| Fund Balances – GAAP Basis | | $ 30,854 | | | $ 49,895 | | | $ 18,122 | | | $ 2,817 | | | $ 101,688 | |

*The **Capital Projects Funds** account for financial resources to be used for the acquisition or construction of major capital facilities.*

## Non-Major Capital Projects Funds:

**Veterans' Homes Capital Improvement** – Accounts for fees collected from the sale of bingo cards to be used for the construction or renovation of veterans' homes and cemeteries in the State.

**Water Pollution Control** – Accounts for bond sale proceeds to be used for the protection of the environment through the control of water pollution.

**Fourth State Building** – Accounts for bond sale proceeds to be used for capital improvements of institutions of higher education, the Department of Corrections, and the Division of Youth Services.

**Stormwater Control** – Accounts for bond sale proceeds to be used for financing and construction of stormwater control.

**Board of Public Building Revenue Bond** – Accounts for bond sale proceeds to be used for renovating state buildings and structures.

STATE OF MISSOURI
COMBINING BALANCE SHEET
NON-MAJOR CAPITAL PROJECTS FUNDS
June 30, 2008
(In Thousands of Dollars)

| | Veterans' Homes Capital Improvement | Water Pollution Control | Fourth State Building | Board of Public Building Revenue Bond | Totals June 30, 2008 |
|---|---|---|---|---|---|
| **ASSETS** | | | | | |
| Cash and Cash Equivalents | $ 1,188 | $ 8,878 | $ 199 | $ 420 | $ 10,685 |
| Investments | 14,494 | 40,627 | 914 | 1,921 | 57,956 |
| Interest Receivable | 97 | 362 | 11 | 20 | 490 |
| Total Assets | $ 15,779 | $ 49,867 | $ 1,124 | $ 2,361 | $ 69,131 |
| **LIABILITIES AND FUND BALANCES** | | | | | |
| Liabilities: | | | | | |
| Accounts Payable | $ 18 | $ --- | $ --- | $ --- | $ 18 |
| Accrued Payroll | 43 | --- | --- | --- | 43 |
| Deferred Revenue | 48 | 178 | 5 | 10 | 241 |
| Total Liabilities | 109 | 178 | 5 | 10 | 302 |
| Fund Balances: | | | | | |
| Unreserved | 15,670 | 49,689 | 1,119 | 2,351 | 68,829 |
| Total Fund Balances | 15,670 | 49,689 | 1,119 | 2,351 | 68,829 |
| Total Liabilities and Fund Balances | $ 15,779 | $ 49,867 | $ 1,124 | $ 2,361 | $ 69,131 |

NOTE: The Stormwater Control is not included in the Capital Projects Funds Combining Balance Sheet because there were no assets, liabilities, or fund equity at June 30, 2008.

STATE OF MISSOURI
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NON-MAJOR CAPITAL PROJECTS FUNDS
For the Fiscal Year Ended June 30, 2008
(In Thousands of Dollars)

| | Veterans' Homes Capital Improvement | Water Pollution Control | Fourth State Building | Stormwater Control | Board of Public Building Revenue Bond | Totals June 30, 2008 |
|---|---|---|---|---|---|---|
| **Revenues:** | | | | | | |
| Contributions and Intergovernmental | $ 178 | $ --- | $ --- | $ --- | $ --- | $ 178 |
| Investment Earnings: | | | | | | |
| Net Increase (Decrease) in the Fair Value of Investments | 45 | 180 | 6 | 1 | 11 | 243 |
| Interest | 628 | 1,080 | 109 | --- | 161 | 1,978 |
| Cost Reimbursement/ Miscellaneous | 2 | 11 | --- | --- | --- | 13 |
| Total Revenues | 853 | 1,271 | 115 | 1 | 172 | 2,412 |
| **Expenditures:** | | | | | | |
| Current: | | | | | | |
| General Government | 109 | --- | --- | --- | --- | 109 |
| Natural and Economic Resources | --- | 1,855 | --- | --- | --- | 1,855 |
| Transportation and Law Enforcement | 2,865 | --- | --- | --- | --- | 2,865 |
| Human Services | --- | --- | 24 | --- | 46 | 70 |
| Capital Outlay: | | | | | | |
| Transportation and Law Enforcement | 650 | --- | --- | --- | 27 | 677 |
| Human Services | --- | --- | 1,813 | --- | 1,320 | 3,133 |
| Debt Service: | | | | | | |
| Principle | --- | 80 | --- | 1,875 | --- | 1,955 |
| Interest | --- | 1 | --- | 43 | --- | 44 |
| Bond Issuance Costs | --- | 63 | --- | --- | --- | 63 |
| Underwriter's Discount | --- | 220 | --- | --- | --- | 220 |
| Total Expenditures | 3,624 | 2,219 | 1,837 | 1,918 | 1,393 | 10,991 |
| Excess Revenues (Expenditures) | (2,771) | (948) | (1,722) | (1,917) | (1,221) | (8,579) |
| **Other Financing Sources (Uses):** | | | | | | |
| Debt Issuance | --- | 50,000 | --- | --- | --- | 50,000 |
| Bond Premium | --- | 553 | --- | --- | --- | 553 |
| Transfers In | 6,000 | --- | --- | --- | --- | 6,000 |
| Transfers Out | --- | (17) | --- | (1) | --- | (18) |
| Total Other Financing Sources (Uses) | 6,000 | 50,536 | --- | (1) | --- | 56,535 |
| Net Change in Fund Balances | 3,229 | 49,588 | (1,722) | (1,918) | (1,221) | 47,956 |
| Fund Balances - Beginning | 12,441 | 101 | 2,841 | 1,918 | 3,572 | 20,873 |
| Fund Balances - Ending | $ 15,670 | $ 49,689 | $ 1,119 | $ --- | $ 2,351 | $ 68,829 |

*The **Permanent Funds** account for resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the government's programs.*

## Permanent Funds:

**Arrow Rock State Historic Site Endowment** – Accounts for moneys transferred from the State Parks Earnings Fund, as well as other moneys or property received by grant, gift, donation, or bequest specified for the enhancement of the Arrow Rock State Historic Site.

**Confederate Memorial Park** – Accounts for the income from investments acquired by gifts, donations, and bequests to be used for the maintenance of the Confederate Memorial Park.

**State Public School** – Accounts for all moneys, bonds, lands, and other properties belonging to or donated to the State for public school use in establishing and maintaining free public schools.

**Smith Memorial Endowment Trust** – Accounts for moneys bequeathed for the use and benefit of the Crippled Children's Service.

**Missouri Investment Trust** – Accounts for moneys transferred from the Missouri Arts Council Trust Fund, the Missouri Humanities Council Trust Fund, the Johnson-Travis Memorial Trust Fund, and the Secretary of State Wolfner Library Fund to be invested by the Missouri Investment Trust's Board of Trustees.

STATE OF MISSOURI
COMBINING BALANCE SHEET
PERMANENT FUNDS
June 30, 2008
(In Thousands of Dollars)

| | Arrow Rock State Historic Site Endowment | Confederate Memorial Park | State Public School | Smith Memorial Endowment Trust | Missouri Investment Trust | Totals June 30, 2008 |
|---|---|---|---|---|---|---|
| **ASSETS** | | | | | | |
| Cash and Cash Equivalents | $ 2 | $ 13 | $ 147 | $ 29 | $ --- | $ 191 |
| Investments | 25 | 152 | 33,683 | 359 | 28,623 | 62,842 |
| Interest Receivable | --- | 1 | --- | 3 | --- | 4 |
| Total Assets | $ 27 | $ 166 | $ 33,830 | $ 391 | $ 28,623 | $ 63,037 |
| **LIABILITIES AND FUND BALANCES** | | | | | | |
| Liabilities: | | | | | | |
| Deferred Revenue | $ --- | $ 1 | $ --- | $ 1 | $ --- | $ 2 |
| Total Liabilities | --- | 1 | --- | 1 | --- | 2 |
| Fund Balances: | | | | | | |
| Reserved for Trust Principal | 26 | 75 | 33,830 | 365 | 28,623 | 62,919 |
| Unreserved | 1 | 90 | --- | 25 | --- | 116 |
| Total Fund Balances | 27 | 165 | 33,830 | 390 | 28,623 | 63,035 |
| Total Liabilities and Fund Balances | $ 27 | $ 166 | $ 33,830 | $ 391 | $ 28,623 | $ 63,037 |

STATE OF MISSOURI
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
PERMANENT FUNDS
For the Fiscal Year Ended June 30, 2008
(In Thousands of Dollars)

| | Arrow Rock State Historic Site Endowment | Confederate Memorial Park | State Public School | Smith Memorial Endowment Trust | Missouri Investment Trust | Totals June 30, 2008 |
|---|---|---|---|---|---|---|
| **Revenues:** | | | | | | |
| Investment Earnings: | | | | | | |
| Net Increase (Decrease) in the Fair Value of Investments | $ --- | $ --- | $ (259) | $ 1 | $ (4,187) | $ (4,445) |
| Interest | 2 | 8 | --- | 18 | --- | 28 |
| Penalties and Unclaimed Properties | --- | --- | 1,933 | --- | --- | 1,933 |
| Total Revenues | 2 | 8 | 1,674 | 19 | (4,187) | (2,484) |
| Net Change in Fund Balances | 2 | 8 | 1,674 | 19 | (4,187) | (2,484) |
| Fund Balances - Beginning | 25 | 157 | 32,156 | 371 | 32,810 | 65,519 |
| Fund Balances - Ending | $ 27 | $ 165 | $ 33,830 | $ 390 | $ 28,623 | $ 63,035 |

NOTE: There were no expenditures during fiscal year 2008.

**STATE OF MISSOURI**
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**
**BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL**
**ALL APPROPRIATED PERMANENT FUNDS**
**For the Fiscal Year Ended June 30, 2008**
**(In Thousands of Dollars)**

| | Arrow Rock State Historic Site Endowment | | | Confederate Memorial Park | | | State Public School | | | Smith Memorial Endowment Trust | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Budget | Actual | Variance | Budget | Actual | Variance | Budget | Actual | Variance | Budget | Actual | Variance |
| **Revenues:** | | | | | | | | | | | | |
| Interest | $ --- | $ 2 | $ 2 | $ 7 | $ 8 | $ 1 | $ --- | $ 533 | $ 533 | $ 18 | $ 18 | $ --- |
| Penalties and Unclaimed Property | --- | --- | --- | --- | --- | --- | --- | 138 | 138 | --- | --- | --- |
| Reimbursement/Miscellaneous | --- | --- | --- | --- | --- | --- | --- | 1 | 1 | --- | --- | --- |
| Total Revenues | --- | 2 | 2 | 7 | 8 | 1 | --- | 672 | 672 | 18 | 18 | --- |
| **Expenditures:** | | | | | | | | | | | | |
| Current: | | | | | | | | | | | | |
| Human Services | --- | --- | --- | --- | --- | --- | --- | --- | --- | 35 | --- | 35 |
| Total Expenditures | --- | --- | --- | --- | --- | --- | --- | --- | --- | 35 | --- | 35 |
| Excess Revenues (Expenditures) | --- | 2 | 2 | 7 | 8 | 1 | --- | 672 | 672 | (17) | 18 | 35 |
| **Other Financing Sources (Uses):** | | | | | | | | | | | | |
| Transfers In | --- | --- | --- | --- | --- | --- | 1,795 | 1,795 | --- | --- | --- | --- |
| Total Other Financing Sources (Uses) | --- | --- | --- | --- | --- | --- | 1,795 | 1,795 | --- | --- | --- | --- |
| Net Change in Fund Balances | --- | 2 | 2 | 7 | 8 | 1 | 1,795 | 2,467 | 672 | (17) | 18 | 35 |
| Fund Balances – Beginning | 25 | 25 | --- | 156 | 156 | --- | 9,390 | 9,390 | --- | 369 | 369 | --- |
| Fund Balances – Ending | $ 25 | $ 27 | $ 2 | $ 163 | $ 164 | $ 1 | $ 11,185 | $ 11,857 | $ 672 | $ 352 | $ 387 | $ 35 |
| Reconciling Items: | | | | | | | | | | | | |
| Reclassifying Cash Equivalents as Investments | | (25) | | | (151) | | | (11,710) | | | (358) | |
| Investments at Fair Value | | 25 | | | 152 | | | 33,683 | | | 359 | |
| Interest Receivable | | --- | | | 1 | | | --- | | | 3 | |
| Deferred Revenue | | --- | | | (1) | | | --- | | | (1) | |
| Fund Balance – GAAP Basis | | $ 27 | | | $ 165 | | | $ 33,830 | | | $ 390 | |

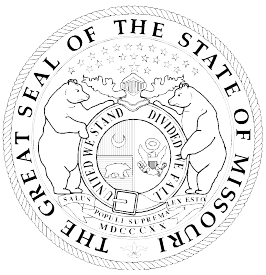
NOTE: The Missouri Investment Trust Fund is not presented on the budgetary comparison schedule because it is a non-appropriated fund and does not have a legally adopted budget.

This schedule is continued on page 123.

| | Totals | | |
|---|---|---|---|
| | Budget | Actual | Variance |
| **Revenues:** | | | |
| Interest | $ 25 | $ 561 | $ 536 |
| Penalties and Unclaimed Property | --- | 138 | 138 |
| Reimbursement/Miscellaneous | --- | 1 | 1 |
| Total Revenues | 25 | 700 | 675 |
| **Expenditures:** | | | |
| Current: | | | |
| Human Services | 35 | --- | 35 |
| Total Expenditures | 35 | --- | 35 |
| Excess Revenues (Expenditures) | (10) | 700 | 710 |
| **Other Financing Sources (Uses):** | | | |
| Transfers In | 1,795 | 1,795 | --- |
| Total Other Financing Sources (Uses) | 1,795 | 1,795 | --- |
| Net Change in Fund Balances | 1,785 | 2,495 | 710 |
| Fund Balances – Beginning | 9,940 | 9,940 | --- |
| Fund Balances – Ending | $ 11,725 | $ 12,435 | $ 710 |
| Reconciling Items: | | | |
| Reclassifying Cash Equivalents as Investments | | (12,244) | |
| Investments at Fair Value | | 34,219 | |
| Interest Receivable | | 4 | |
| Deferred Revenue | | (2) | |
| Fund Balance – GAAP Basis | | $ 34,412 | |

NOTE: The Missouri Investment Trust Fund is not presented on the budgetary comparison schedule because it is a non-appropriated fund and does not have a legally adopted budget.

This schedule is continued from page 122.




*The **Enterprise Funds** account for operations that are financed and operated in a manner similar to private business enterprises.*

## Non-Major Enterprise Funds:

**State Fair Fees** – Accounts for the fairground admission fees used to improve the grounds and to pay the operating costs of the State Fair.

**State Parks** – Accounts for park concessions and contributions which are used to acquire and operate state parks.

**Natural Resources Revolving Services** – Accounts for moneys received from the delivery of services and the sale or resale of maps, plats, reports, studies, records, and other publications and documents.

**Historic Preservation Revolving** – Accounts for gifts, grants, and contributions used to acquire, preserve, restore, maintain, or operate any historical properties.

**Missouri Veterans' Homes** – Accounts for fees to provide services for persons confined to one of the veterans' homes.

**State Agency for Surplus Property** – Accounts for the surplus property operation.

**Department of Revenue Information** – Accounts for fees received by the Department of Revenue for publications and used to pay the costs of providing this information.

**STATE OF MISSOURI**
**COMBINING STATEMENT OF NET ASSETS**
**NON-MAJOR ENTERPRISE FUNDS**
**June 30, 2008**
**(In Thousands of Dollars)**

| | State Fair Fees | State Parks | Natural Resources Revolving Services | Historic Preservation Revolving | Missouri Veterans' Homes | State Agency for Surplus Property | Department of Revenue Information | Totals June 30, 2008 |
|---|---|---|---|---|---|---|---|---|
| **ASSETS** | | | | | | | | |
| Current Assets: | | | | | | | | |
| Cash and Cash Equivalents | $ 53 | $ 2,746 | $ 49 | $ 176 | $ 448 | $ 225 | $ 242 | $ 3,939 |
| Investments | 645 | 33,305 | 599 | 2,144 | 5,460 | 2,739 | 2,957 | 47,849 |
| Accounts Receivable, Net | --- | --- | 4 | --- | 139 | 251 | 56 | 450 |
| Interest Receivable | 3 | --- | --- | 16 | 62 | 21 | --- | 102 |
| Due from Other Funds | 2 | 1 | 117 | --- | --- | --- | --- | 120 |
| Inventories | --- | 597 | 414 | --- | 711 | 1 | 7 | 1,730 |
| Prepaid Items | --- | --- | 22 | --- | --- | --- | --- | 22 |
| Loans Receivable | --- | --- | --- | 534 | --- | --- | --- | 534 |
| Noncurrent Assets: | | | | | | | | |
| Assets Held for Resale | --- | --- | --- | 115 | --- | --- | --- | 115 |
| Capital Assets: | | | | | | | | |
| Construction in Progress | --- | 3,121 | --- | --- | 13 | --- | --- | 3,134 |
| Land | --- | 7,333 | --- | --- | --- | --- | --- | 7,333 |
| Land Improvements | 75 | 7,160 | --- | --- | 42 | 169 | --- | 7,446 |
| Buildings | 3 | 22,360 | --- | 480 | 164 | 161 | --- | 23,168 |
| Equipment | 448 | 11,912 | 16,477 | 35 | 5,490 | 791 | 166 | 35,319 |
| Less Accumulated Depreciation | (407) | (20,552) | (11,889) | (157) | (3,905) | (984) | (144) | (38,038) |
| Total Capital Assets (Net of Accumulated Depreciation) | 119 | 31,334 | 4,588 | 358 | 1,804 | 137 | 22 | 38,362 |
| Total Assets | 822 | 67,983 | 5,793 | 3,343 | 8,624 | 3,374 | 3,284 | 93,223 |
| **LIABILITIES** | | | | | | | | |
| Current Liabilities: | | | | | | | | |
| Accounts Payable | 22 | 183 | 92 | 4 | 662 | 31 | 13 | 1,007 |
| Accrued Payroll | 27 | 45 | 3 | 6 | 1,551 | 27 | 16 | 1,675 |
| Due to Other Funds | 26 | --- | 7 | --- | 13 | 6 | 6 | 58 |
| Unearned Revenue | --- | 60 | 41 | --- | 2 | --- | --- | 103 |
| Compensated Absences | 3 | 40 | 5 | 10 | 1,818 | 48 | 26 | 1,950 |
| Noncurrent Liabilities: | | | | | | | | |
| Compensated Absences | --- | --- | 2 | 6 | --- | 3 | --- | 11 |
| Total Liabilities | 78 | 328 | 150 | 26 | 4,046 | 115 | 61 | 4,804 |
| **NET ASSETS** | | | | | | | | |
| Invested in Capital Assets, Net of Related Debt | 119 | 31,334 | 4,588 | 358 | 1,804 | 137 | 22 | 38,362 |
| Restricted for: | | | | | | | | |
| Other Purposes | --- | 36,321 | --- | --- | 2,774 | --- | --- | 39,095 |
| Unrestricted | 625 | --- | 1,055 | 2,959 | --- | 3,122 | 3,201 | 10,962 |
| Total Net Assets | $ 744 | $ 67,655 | $ 5,643 | $ 3,317 | $ 4,578 | $ 3,259 | $ 3,223 | $ 88,419 |

**STATE OF MISSOURI**
**COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS**
**NON-MAJOR ENTERPRISE FUNDS**
**For the Fiscal Year Ended June 30, 2008**
**(In Thousands of Dollars)**

| | State Fair Fees | State Parks | Natural Resources Revolving Services | Historic Preservation Revolving | Missouri Veterans' Homes | State Agency for Surplus Property | Department of Revenue Information | Totals June 30, 2008 |
|---|---|---|---|---|---|---|---|---|
| **Operating Revenues:** | | | | | | | | |
| Licenses, Fees, and Permits | $ 2,779 | $ 4,431 | $ 150 | $ --- | $ --- | $ --- | $ --- | $ 7,360 |
| Sales | --- | 644 | 290 | --- | 370 | 3,510 | 1,934 | 6,748 |
| Leases and Rentals | 998 | 1,868 | --- | --- | --- | --- | --- | 2,866 |
| Charges for Services | --- | --- | --- | --- | 26,407 | --- | --- | 26,407 |
| Cost Reimbursement/Miscellaneous | --- | 500 | 39 | 2 | 157 | 275 | 1 | 974 |
| Total Operating Revenues | 3,777 | 7,443 | 479 | 2 | 26,934 | 3,785 | 1,935 | 44,355 |
| **Operating Expenses:** | | | | | | | | |
| Cost of Goods Sold | --- | --- | 377 | --- | --- | 1,818 | --- | 2,195 |
| Personal Service | 1,015 | 983 | 93 | 234 | 52,611 | 984 | 628 | 56,548 |
| Operations | 2,386 | 3,434 | 297 | 65 | 2,494 | 648 | 357 | 9,681 |
| Inventories | 11 | 23 | 5 | 3 | 1,356 | 10 | 20 | 1,428 |
| Specific Programs | 45 | 9 | --- | 89 | 199 | --- | --- | 342 |
| Depreciation | 25 | 1,705 | 757 | 10 | 339 | 54 | 12 | 2,902 |
| Other Charges | 164 | 207 | 3 | 4 | 64 | 14 | 70 | 526 |
| Total Operating Expenses | 3,646 | 6,361 | 1,532 | 405 | 57,063 | 3,528 | 1,087 | 73,622 |
| Operating Income (Loss) | 131 | 1,082 | (1,053) | (403) | (30,129) | 257 | 848 | (29,267) |
| **Non-Operating Revenues (Expenses):** | | | | | | | | |
| Contributions and Intergovernmental | 135 | 450 | 1,964 | 2 | 32,666 | 24 | (1) | 35,240 |
| Investment Earnings: | | | | | | | | |
| Net Increase (Decrease) in the Fair Value of Investments | 2 | 79 | 2 | 6 | 15 | 9 | 9 | 122 |
| Interest | 10 | --- | --- | 94 | 318 | 127 | --- | 549 |
| Penalties and Unclaimed Properties | --- | 31,876 | --- | --- | 16 | --- | --- | 31,892 |
| Disposal of Capital Assets | (1) | (18) | (14) | --- | (3) | --- | --- | (36) |
| Total Non-Operating Revenues (Expenses) | 146 | 32,387 | 1,952 | 102 | 33,012 | 160 | 8 | 67,767 |
| Income (Loss) Before Transfers | 277 | 33,469 | 899 | (301) | 2,883 | 417 | 856 | 38,500 |
| Transfers In | --- | --- | --- | 1,261 | --- | --- | --- | 1,261 |
| Transfers Out | --- | --- | --- | --- | --- | (30) | --- | (30) |
| Change in Net Assets | 277 | 33,469 | 899 | 960 | 2,883 | 387 | 856 | 39,731 |
| Total Net Assets - Beginning | 467 | 34,186 | 4,744 | 2,357 | 1,695 | 2,872 | 2,367 | 48,688 |
| Total Net Assets - Ending | $ 744 | $ 67,655 | $ 5,643 | $ 3,317 | $ 4,578 | $ 3,259 | $ 3,223 | $ 88,419 |

**STATE OF MISSOURI**
**COMBINING STATEMENT OF CASH FLOWS**
**NON-MAJOR ENTERPRISE FUNDS**
**For the Fiscal Year Ended June 30, 2008**
**(In Thousands of Dollars)**

| | State Fair Fees | State Parks | Natural Resources Revolving Services | Historic Preservation Revolving | Missouri Veterans' Homes | State Agency for Surplus Property | Department of Revenue Information | Totals June 30, 2008 |
|---|---|---|---|---|---|---|---|---|
| **Cash Flows from Operating Activities:** | | | | | | | | |
| Receipts from Internal Customers and Users | $ 44 | $ --- | $ --- | $ --- | $ --- | $ 529 | $ --- | $ 573 |
| Receipts from External Customers and Users | 3,733 | 6,963 | 459 | --- | 26,838 | 2,980 | 1,931 | 42,904 |
| Payments to Suppliers | (2,386) | (3,429) | (665) | (67) | (4,189) | (2,684) | (397) | (13,817) |
| Payments to Employees | (1,040) | (992) | (93) | (231) | (52,611) | (977) | (653) | (56,597) |
| Payments Made for Program Expense | (45) | (9) | --- | (89) | (199) | --- | --- | (342) |
| Other Receipts (Payments) | (164) | 293 | 36 | (2) | 93 | 261 | (69) | 448 |
| Net Cash Provided (Used) by Operating Activities | 142 | 2,826 | (263) | (389) | (30,068) | 109 | 812 | (26,831) |
| **Cash Flows from Non-Capital Financing Activities:** | | | | | | | | |
| Loans Made to Outside Entities | --- | --- | --- | (61) | --- | --- | --- | (61) |
| Due to/from Other Funds | 23 | --- | (101) | (1) | 1 | 6 | (27) | (99) |
| Contributions and Intergovernmental | 135 | 450 | 1,964 | 2 | 32,657 | --- | (1) | 35,207 |
| Transfers to/from Other Funds | --- | --- | --- | 1,261 | --- | (30) | --- | 1,231 |
| Net Cash Provided (Used) by Non-Capital Financing Activities | 158 | 450 | 1,863 | 1,201 | 32,658 | (24) | (28) | 36,278 |
| **Cash Flows from Capital and Related Financing Activities:** | | | | | | | | |
| Purchases and Construction of Capital Assets | (16) | (1,835) | (1,583) | --- | (329) | (8) | --- | (3,771) |
| Net Cash Provided (Used) by Capital and Related Financing Activities | (16) | (1,835) | (1,583) | --- | (329) | (8) | --- | (3,771) |
| **Cash Flows from Investing Activities:** | | | | | | | | |
| Purchase of Investments | (317) | (31,124) | (87) | (997) | (2,789) | (509) | (996) | (36,819) |
| Interest and Dividends Received | 10 | --- | --- | 94 | 339 | 137 | --- | 580 |
| Penalties and Other Receipts | --- | 31,876 | --- | --- | 16 | --- | --- | 31,892 |
| Net Cash Provided (Used) by Investing Activities | (307) | 752 | (87) | (903) | (2,434) | (372) | (996) | (4,347) |
| Net Increase (Decrease) in Cash | (23) | 2,193 | (70) | (91) | (173) | (295) | (212) | 1,329 |
| Cash and Cash Equivalents, Beginning of Year | 76 | 553 | 119 | 267 | 621 | 520 | 454 | 2,610 |
| Cash and Cash Equivalents, End of Year | $ 53 | $ 2,746 | $ 49 | $ 176 | $ 448 | $ 225 | $ 242 | $ 3,939 |
| **Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:** | | | | | | | | |
| Operating Income (Loss) | $ 131 | $ 1,082 | $ (1,053) | $ (403) | $ (30,129) | $ 257 | $ 848 | $ (29,267) |
| Depreciation Expense | 25 | 1,705 | 757 | 10 | 339 | 54 | 12 | 2,902 |
| Changes in Assets and Liabilities: | | | | | | | | |
| Accounts Receivable | --- | 1 | 20 | --- | 59 | (1) | (3) | 76 |
| Inventories | 1 | (39) | (38) | --- | (331) | (1) | (7) | (415) |
| Accounts Payable | 10 | 67 | 52 | 1 | (8) | (207) | (13) | (98) |
| Accrued Payroll | (6) | (4) | --- | 1 | 16 | 4 | (7) | 4 |
| Unearned Revenue | --- | 19 | (1) | --- | 2 | --- | --- | 20 |
| Compensated Absences | (19) | (5) | --- | 2 | (16) | 3 | (18) | (53) |
| Net Cash Provided (Used) by Operating Activities | $ 142 | $ 2,826 | $ (263) | $ (389) | $ (30,068) | $ 109 | $ 812 | $ (26,831) |
| **Non-Cash Financing and Investing Activities:** | | | | | | | | |
| Capital Asset Donations | $ --- | $ 16 | $ --- | $ --- | $ 9 | $ 24 | $ --- | $ 49 |
| Increase (Decrease) in Fair Value of Investments | 1 | 77 | 1 | 5 | 13 | 6 | 7 | 110 |
| Net Non-Cash Financing and Investing Activities | $ 1 | $ 93 | $ 1 | $ 5 | $ 22 | $ 30 | $ 7 | $ 159 |

*The **Internal Service Funds** account for the financing of goods or services provided by one department or agency to other departments or agencies of the State on a cost-reimbursement basis.*

## Internal Service Funds:

**Natural Resources Cost Allocation** – Accounts for the administrative costs of the Department of Natural Resources.

**Mental Health Interagency Payments** – Accounts for moneys received through interagency agreements for services provided by other agencies.

**State Facility Maintenance and Operation** – Accounts for moneys collected from tenants for rent to cover the costs of operations in state-owned office buildings and institutions, charges to tenants in leased space to cover costs of real estate administrative services, and charges to capital improvement projects to cover the costs of project management services.

**Office of Administration Revolving** – Accounts for the following operations: printing services, flight operations, vehicle management, garage services, data processing and telecommunication services, building and grounds, insurance services, postage, and personnel administration.

**Working Capital Revolving** – Accounts for the operation of correctional industry programs and correctional farm programs.

**General Government Revolving** – Accounts for various service operations of the House of Representatives, Supreme Court, Adjutant General, Senate, Treasurer, and Department of Corrections.

**Social Services Administrative Trust** – Accounts for moneys transferred or paid to the Department of Social Services from any governmental entity or the public for goods and services provided.

**Economic Development – Administrative** – Accounts for moneys collected for goods and services provided to other divisions and used to pay the cost of providing such services.

**Professional Registration Fees** – Accounts for moneys received from the professional boards for administrative services.

**Conservation Employees' Insurance Plan** – Accounts for health insurance coverage on a self-insured basis and life insurance coverage by a third party provider for Department of Conservation employees.

**Transportation Self-Insurance Plan** – Accounts for highway and highway patrol moneys used to pay workers' compensation claims. Moneys are also used to pay auto claims against the Department of Transportation.

**Missouri State Employees' Insurance Plan** – Accounts for long-term disability and death benefits provided on a self-insured basis for state employees.

**Missouri Consolidated Health Care Plan** – Accounts for medical care benefits provided on a self-insured basis for active state employees.

**MoDOT and MSHP Medical and Life Insurance Plan** – Accounts for the medical coverage provided on a self-insured basis and death benefits provided on an insured basis to Department of Transportation employees and members of the Missouri State Highway Patrol.

**STATE OF MISSOURI**
**COMBINING STATEMENT OF NET ASSETS**
**INTERNAL SERVICE FUNDS**
**June 30, 2008**
**(In Thousands of Dollars)**

| | Natural Resources Cost Allocation | Mental Health Interagency Payments | State Facility Maintenance and Operation | Office of Administration Revolving | Working Capital Revolving | General Government Revolving | Social Services Administrative Trust | Economic Development Administrative | Professional Registration Fees | Conservation Employees' Insurance Plan | Transportation Self-Insurance Plan | Missouri State Employees' Insurance Plan | Missouri Consolidated Health Care Plan | MoDOT & MSHP Medical and Life Insurance Plan | Totals June 30, 2008 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **ASSETS** | | | | | | | | | | | | | | | |
| Current Assets: | | | | | | | | | | | | | | | |
| Cash and Cash Equivalents | $ 85 | $ 424 | $ 246 | $ 849 | $ 644 | $ 1,847 | $ 24 | $ 20 | $ 6 | $ 682 | $ 230 | $ --- | $ 143,591 | $ 1,866 | $ 150,514 |
| Investments | 1,039 | 5,169 | 5,509 | 12,286 | 7,867 | 22,537 | 300 | 248 | 74 | 5,982 | 64,673 | 2,344 | 30,916 | 28,387 | 187,331 |
| Accounts Receivable, Net | --- | --- | --- | 1,576 | 763 | 25,149 | --- | --- | --- | 523 | --- | 1,034 | 18,643 | 1,393 | 49,081 |
| Interest Receivable | --- | --- | --- | --- | --- | --- | --- | --- | --- | 30 | 590 | --- | --- | --- | 620 |
| Due from Other Funds | --- | 13 | 12,396 | 2,891 | 1,776 | 29 | 382 | 14 | --- | --- | --- | --- | --- | --- | 17,501 |
| Inventories | 9 | 16 | 7,401 | 670 | 13,287 | --- | 80 | 2 | 12 | --- | --- | --- | --- | --- | 21,477 |
| Prepaid Items | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | 99 | --- | 99 |
| Non-Current Assets: | | | | | | | | | | | | | | | |
| Restricted Assets: | | | | | | | | | | | | | | | |
| Cash and Cash Equivalents | --- | --- | 26,585 | 655 | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | 27,240 |
| Investments | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | 200 | --- | --- | 100 | 300 |
| Capital Assets: | | | | | | | | | | | | | | | |
| Construction in Progress | --- | --- | 228,094 | 1,003 | 500 | --- | --- | --- | --- | --- | --- | --- | --- | --- | 229,597 |
| Land | --- | --- | 8,332 | --- | 143 | --- | --- | --- | --- | --- | --- | --- | --- | --- | 8,475 |
| Land Improvements | --- | --- | 3,090 | --- | 62 | --- | --- | --- | --- | --- | --- | --- | --- | --- | 3,152 |
| Buildings | 1,794 | --- | 285,430 | 9,827 | 6,342 | --- | --- | --- | 2,300 | --- | --- | --- | --- | --- | 305,693 |
| Equipment | 5,798 | 3,127 | 8,815 | 43,788 | 23,746 | 107 | 226 | 456 | 1,876 | --- | --- | --- | 2,758 | --- | 90,697 |
| Less Accumulated Depreciation | (4,462) | (2,518) | (160,810) | (40,839) | (24,720) | (72) | (183) | (380) | (2,256) | --- | --- | --- | (2,153) | --- | (238,393) |
| Total Capital Assets (Net of Accumulated Depreciation) | 3,130 | 609 | 372,951 | 13,779 | 6,073 | 35 | 43 | 76 | 1,920 | --- | --- | --- | 605 | --- | 399,221 |
| Total Assets | 4,263 | 6,231 | 425,088 | 32,706 | 30,410 | 49,597 | 829 | 360 | 2,012 | 7,217 | 65,693 | 3,378 | 193,854 | 31,746 | 853,384 |
| **LIABILITIES** | | | | | | | | | | | | | | | |
| Current Liabilities: | | | | | | | | | | | | | | | |
| Accounts Payable | 168 | 222 | 3,536 | 2,450 | 121 | 478 | 44 | 17 | 95 | 143 | 10 | 3,052 | 18,322 | 1,411 | 30,069 |
| Accrued Payroll | 295 | --- | 759 | 346 | 264 | 40 | --- | 40 | 121 | --- | --- | --- | --- | --- | 1,865 |
| Due to Other Funds | 79 | --- | 191 | 77 | 109 | 6 | 33 | 3 | 25 | --- | --- | --- | --- | --- | 523 |
| Unearned Revenue | --- | --- | --- | 419 | --- | --- | --- | --- | --- | --- | --- | --- | 16,401 | 7,208 | 24,028 |
| Claims Liability | --- | --- | --- | --- | --- | --- | --- | --- | --- | 1,264 | 14,407 | --- | 38,094 | 12,400 | 66,165 |
| Obligations under Lease Purchase | 42 | --- | 1,553 | 2,079 | 1 | --- | --- | --- | --- | --- | --- | --- | --- | --- | 3,675 |
| Compensated Absences | 408 | --- | 1,723 | 556 | 587 | 63 | --- | 67 | 214 | --- | --- | --- | 20 | --- | 3,638 |
| Notes Payable | --- | --- | 177 | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | 177 |
| Non-Current Liabilities: | | | | | | | | | | | | | | | |
| Claims Liability | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | 50,764 | --- | --- | --- | 50,764 |
| Obligations under Lease Purchase | 1,537 | --- | 15,305 | 2,576 | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | 19,418 |
| Compensated Absences | 272 | --- | 230 | 213 | --- | --- | --- | 13 | 53 | --- | --- | --- | 232 | --- | 1,013 |
| Notes Payable | --- | --- | 3,570 | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | 3,570 |
| Total Liabilities | 2,801 | 222 | 27,044 | 8,716 | 1,082 | 587 | 77 | 140 | 508 | 1,407 | 65,181 | 3,052 | 73,069 | 21,019 | 204,905 |
| **NET ASSETS** | | | | | | | | | | | | | | | |
| Invested in Capital Assets, Net of Related Debt | 1,551 | 609 | 356,093 | 9,124 | 6,072 | 35 | 43 | 76 | 1,920 | --- | --- | --- | 605 | --- | 376,128 |
| Restricted for: | | | | | | | | | | | | | | | |
| Revenue Bonds | --- | --- | 26,585 | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | 26,585 |
| Other Purposes | --- | --- | --- | 655 | --- | --- | --- | --- | --- | --- | 200 | --- | --- | 100 | 955 |
| Unrestricted | (89) | 5,400 | 15,366 | 14,211 | 23,256 | 48,975 | 709 | 144 | (416) | 5,810 | 312 | 326 | 120,180 | 10,627 | 244,811 |
| Total Net Assets | $ 1,462 | $ 6,009 | $ 398,044 | $ 23,990 | $ 29,328 | $ 49,010 | $ 752 | $ 220 | $ 1,504 | $ 5,810 | $ 512 | $ 326 | $ 120,785 | $ 10,727 | $ 648,479 |

**STATE OF MISSOURI**
**COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS**
**INTERNAL SERVICE FUNDS**
**For the Fiscal Year Ended June 30, 2008**
**(In Thousands of Dollars)**

| | Natural Resources Cost Allocation | Mental Health Interagency Payments | State Facility Maintenance and Operation | Office of Administration Revolving | Working Capital Revolving | General Government Revolving | Social Services Administrative Trust | Economic Development Administrative | Professional Registration Fees | Conservation Employees' Insurance Plan | Transportation Self-Insurance Plan | Missouri State Employees' Insurance Plan | Missouri Consolidated Health Care Plan | MoDOT & MSHP Medical and Life Insurance Plan | Totals June 30, 2008 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Operating Revenues:** | | | | | | | | | | | | | | | |
| Employer Contributions | $ --- | $ --- | $ --- | $ --- | $ --- | $ --- | $ --- | $ --- | $ --- | $ 7,582 | $ 11,442 | $ --- | $ 292,045 | $ 71,096 | $ 382,165 |
| Employee Contributions | --- | --- | --- | --- | --- | --- | --- | --- | --- | 5,067 | --- | 88,352 | 57,339 | 26,534 | 177,292 |
| Medicare Part D Subsidy | --- | --- | --- | --- | --- | --- | --- | --- | --- | 261 | --- | --- | --- | 3,291 | 3,552 |
| Licenses, Fees, and Permits | --- | --- | --- | --- | --- | 20,296 | --- | --- | 5,868 | --- | --- | --- | --- | --- | 26,164 |
| Sales | --- | --- | --- | --- | 36,575 | 15 | 5 | --- | --- | --- | --- | --- | --- | --- | 36,595 |
| Leases and Rentals | --- | --- | 39,744 | --- | 111 | 13 | 5 | --- | --- | --- | --- | --- | --- | --- | 39,873 |
| Charges for Services | 11,607 | 5,505 | 65,136 | 66,247 | 2 | 2,202 | 5,370 | 1,778 | --- | --- | --- | --- | --- | --- | 157,847 |
| Cost Reimbursement/Miscellaneous | 17 | --- | 52 | 40,646 | 4 | 29 | --- | 71 | 3 | 221 | 705 | 536 | --- | 1,623 | 43,907 |
| Total Operating Revenues | 11,624 | 5,505 | 104,932 | 106,893 | 36,692 | 22,555 | 5,380 | 1,849 | 5,871 | 13,131 | 12,147 | 88,888 | 349,384 | 102,544 | 867,395 |
| **Operating Expenses:** | | | | | | | | | | | | | | | |
| Cost of Goods Sold | --- | --- | --- | 8,405 | 18,036 | --- | --- | --- | --- | --- | --- | --- | --- | --- | 26,441 |
| Personal Service | 8,293 | 6 | 26,391 | 11,152 | 9,478 | 1,207 | --- | 1,396 | 4,207 | --- | --- | 572 | 3,292 | --- | 65,994 |
| Operations | 2,644 | 323 | 63,891 | 79,145 | 3,599 | 6,308 | 5,495 | 159 | 1,478 | 1,667 | 655 | 166 | 21,316 | 5,584 | 192,430 |
| Inventories | 123 | 2 | 140 | 845 | 152 | 15 | 16 | 9 | 114 | --- | --- | --- | --- | --- | 1,416 |
| Specific Programs | 9 | 3,277 | 28 | --- | 32 | 486 | --- | --- | 15 | --- | --- | --- | --- | --- | 3,847 |
| Insurance Benefits | --- | --- | --- | --- | --- | --- | --- | --- | --- | 11,085 | 31,448 | 88,299 | 357,622 | 101,118 | 589,572 |
| Depreciation | 513 | 452 | 6,820 | 2,446 | 1,211 | 9 | 35 | 51 | 334 | --- | --- | --- | 318 | --- | 12,189 |
| Other Charges | 204 | 3 | 237 | 1,104 | 1,689 | 114 | --- | 37 | 120 | 11 | --- | --- | --- | 47 | 3,566 |
| Total Operating Expenses | 11,786 | 4,063 | 97,507 | 103,097 | 34,197 | 8,139 | 5,546 | 1,652 | 6,268 | 12,763 | 32,103 | 89,037 | 382,548 | 106,749 | 895,455 |
| Operating Income (Loss) | (162) | 1,442 | 7,425 | 3,796 | 2,495 | 14,416 | (166) | 197 | (397) | 368 | (19,956) | (149) | (33,164) | (4,205) | (28,060) |
| **Non-Operating Revenues (Expenses):** | | | | | | | | | | | | | | | |
| Contributions and Intergovernmental | --- | --- | --- | --- | --- | 23 | --- | --- | --- | --- | --- | --- | --- | --- | 23 |
| Interest Expense | --- | --- | (1,010) | (238) | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | (1,248) |
| Investment Earnings: | | | | | | | | | | | | | | | |
| Net Increase (Decrease) in the Fair Value of Investments | 4 | 15 | 8 | 37 | 25 | 66 | 1 | 1 | --- | (12) | 630 | --- | --- | 276 | 1,051 |
| Interest | --- | --- | 2,678 | --- | --- | --- | --- | --- | --- | 290 | 2,819 | 77 | 7,099 | 1,021 | 13,984 |
| Penalties and Unclaimed Properties | --- | --- | --- | --- | --- | --- | 2 | --- | --- | --- | --- | --- | --- | --- | 2 |
| Disposal of Capital Assets | (2) | (3) | (5) | (5) | (7) | --- | (1) | (1) | (6) | --- | --- | --- | --- | --- | (30) |
| Total Non-Operating Revenues (Expenses) | 2 | 12 | 1,671 | (206) | 18 | 89 | 2 | --- | (6) | 278 | 3,449 | 77 | 7,099 | 1,297 | 13,782 |
| Income (Loss) Before Transfers | (160) | 1,454 | 9,096 | 3,590 | 2,513 | 14,505 | (164) | 197 | (403) | 646 | (16,507) | (72) | (26,065) | (2,908) | (14,278) |
| Capital Contributions | --- | --- | 268 | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | 268 |
| Transfers In | --- | --- | 5,222 | --- | --- | --- | --- | --- | 2 | --- | --- | --- | --- | --- | 5,224 |
| Transfers Out | --- | --- | --- | (442) | --- | (67) | --- | --- | --- | --- | --- | --- | --- | --- | (509) |
| Change in Net Assets | (160) | 1,454 | 14,586 | 3,148 | 2,513 | 14,438 | (164) | 197 | (401) | 646 | (16,507) | (72) | (26,065) | (2,908) | (9,295) |
| Total Net Assets - Beginning | 1,622 | 4,555 | 383,458 | 20,842 | 26,815 | 34,572 | 916 | 23 | 1,905 | 5,164 | 17,019 | 398 | 146,850 | 13,635 | 657,774 |
| Total Net Assets - Ending | $ 1,462 | $ 6,009 | $ 398,044 | $ 23,990 | $ 29,328 | $ 49,010 | $ 752 | $ 220 | $ 1,504 | $ 5,810 | $ 512 | $ 326 | $ 120,785 | $ 10,727 | $ 648,479 |

**STATE OF MISSOURI**
**COMBINING STATEMENT OF CASH FLOWS**
**INTERNAL SERVICE FUNDS**
**For the Fiscal Year Ended June 30, 2008**
**(In Thousands of Dollars)**

| | Natural Resources Cost Allocation | Mental Health Interagency Payments | State Facility Maintenance and Operation | Office of Administration Revolving | Working Capital Revolving | General Government Revolving | Social Services Administrative Trust | Economic Development Administrative | Professional Registration Fees | Conservation Employees' Insurance Plan | Transportation Self-Insurance Plan | Missouri State Employees' Insurance Plan | Missouri Consolidated Health Care Plan | MoDOT & MSHP Medical and Life Insurance Plan | Totals June 30, 2008 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Cash Flows from Operating Activities:** | | | | | | | | | | | | | | | |
| Receipts from Internal Customers and Users | $ 11,607 | $ 5,308 | $ 104,945 | $ 36,411 | $ 26,947 | $ 486 | $ 5,564 | $ 1,765 | $ 5,868 | $ 7,582 | $ 11,442 | $ --- | $ 290,212 | $ 71,372 | $ 579,509 |
| Receipts from External Customers and Users | --- | 197 | --- | 29,864 | 10,406 | 16,668 | 20 | 15 | --- | 5,326 | --- | 88,301 | 57,339 | 30,551 | 238,687 |
| Payments to Suppliers | (2,730) | (103) | (68,993) | (87,849) | (23,832) | (6,464) | (5,523) | (164) | (1,601) | (1,595) | (767) | (87) | (10,764) | (5,999) | (216,471) |
| Payments to Employees | (8,116) | (8) | (26,199) | (11,160) | (9,483) | (1,215) | --- | (1,374) | (4,205) | --- | --- | (572) | (3,257) | --- | (65,589) |
| Payments Made for Program Expense | (9) | (3,277) | (28) | --- | (32) | (486) | --- | --- | (15) | (11,083) | (17,592) | (88,299) | (362,582) | (99,718) | (583,121) |
| Other Receipts (Payments) | (187) | (3) | (185) | 39,542 | (1,685) | (85) | --- | 34 | (117) | 210 | 705 | 536 | --- | 1,576 | 40,341 |
| Net Cash Provided (Used) by Operating Activities | 565 | 2,114 | 9,540 | 6,808 | 2,321 | 8,904 | 61 | 276 | (70) | 440 | (6,212) | (121) | (29,052) | (2,218) | (6,644) |
| **Cash Flows from Non-Capital Financing Activities:** | | | | | | | | | | | | | | | |
| Due to/from Other Funds | 34 | (10) | (9,790) | (428) | (805) | (3) | (124) | (3) | (9) | --- | --- | --- | --- | --- | (11,138) |
| Contibutions and Intergovernmental | --- | --- | --- | --- | --- | 23 | --- | --- | --- | --- | --- | --- | --- | --- | 23 |
| Transfers to/from Other Funds | --- | --- | 5,222 | (442) | --- | (67) | --- | --- | 2 | --- | --- | --- | --- | --- | 4,715 |
| Net Cash Provided (Used) by Non-Capital Financing Activities | 34 | (10) | (4,568) | (870) | (805) | (47) | (124) | (3) | (7) | --- | --- | --- | --- | --- | (6,400) |
| **Cash Flows from Capital and Related Financing Activities:** | | | | | | | | | | | | | | | |
| Interest Expense | --- | --- | (1,010) | (238) | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | (1,248) |
| Purchase or Construction of Capital Assets | (774) | (9) | (76,727) | (1,564) | (410) | (9) | --- | (39) | (108) | --- | --- | --- | (496) | --- | (80,136) |
| Bonds and Notes Payable | --- | --- | (158) | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | (158) |
| Capital Lease Downpayment/Obligations | (1) | --- | (324) | (1,523) | (17) | --- | --- | --- | --- | --- | --- | --- | (42) | --- | (1,907) |
| Net Cash Used by Capital and Related Financing Activities | (775) | (9) | (78,219) | (3,325) | (427) | (9) | --- | (39) | (108) | --- | --- | --- | (538) | --- | (83,449) |
| **Cash Flows from Investing Activities:** | | | | | | | | | | | | | | | |
| Proceeds from Sales and Investment Maturities | 15 | --- | 50,220 | --- | --- | --- | 12 | --- | --- | --- | 202,974 | 590,202 | --- | 88,112 | 931,535 |
| Purchase of Investments | --- | (2,332) | --- | (4,196) | (1,849) | (9,938) | --- | (220) | (74) | (693) | (199,707) | (590,161) | (445) | (88,955) | (898,570) |
| Interest and Dividends Received | --- | --- | 2,678 | --- | --- | --- | --- | --- | --- | 283 | 3,175 | 77 | 7,099 | 1,021 | 14,333 |
| Penalties and Other Receipts | --- | --- | --- | --- | --- | --- | 2 | --- | --- | --- | --- | --- | --- | --- | 2 |
| Net Cash Provided (Used) by Investing Activities | 15 | (2,332) | 52,898 | (4,196) | (1,849) | (9,938) | 14 | (220) | (74) | (410) | 6,442 | 118 | 6,654 | 178 | 47,300 |
| Net Increase (Decrease) in Cash | (161) | (237) | (20,349) | (1,583) | (760) | (1,090) | (49) | 14 | (259) | 30 | 230 | (3) | (22,936) | (2,040) | (49,193) |
| Cash and Cash Equivalents, Beginning of Year | 246 | 661 | 47,180 | 3,087 | 1,404 | 2,937 | 73 | 6 | 265 | 652 | --- | 3 | 166,527 | 3,906 | 226,947 |
| Cash and Cash Equivalents, End of Year | $ 85 | $ 424 | $ 26,831 | $ 1,504 | $ 644 | $ 1,847 | $ 24 | $ 20 | $ 6 | $ 682 | $ 230 | $ --- | $ 143,591 | $ 1,866 | $ 177,754 |
| **Reconciliation of Operating Income (Loss) of Net Cash Provided (Used) by Operating Activities:** | | | | | | | | | | | | | | | |
| Operating Income (Loss) | $ (162) | $ 1,442 | $ 7,425 | $ 3,796 | $ 2,495 | $ 14,416 | $ (166) | $ 197 | $ (397) | $ 368 | $ (19,956) | $ (149) | $ (33,164) | $ (4,205) | $ (28,060) |
| Depreciation Expense | 513 | 452 | 6,820 | 2,446 | 1,211 | 9 | 35 | 51 | 334 | --- | --- | --- | 318 | --- | 12,189 |
| Changes in Assets and Liabilities: | | | | | | | | | | | | | | | |
| Accounts Receivable | --- | --- | 65 | 83 | 665 | (5,372) | 204 | 2 | --- | (2) | --- | (51) | 828 | 277 | (3,301) |
| Inventories | --- | --- | (5,801) | 582 | (2,048) | --- | 17 | --- | --- | --- | --- | --- | --- | --- | (7,250) |
| Prepaid Items | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | 117 | --- | (80) | --- | 37 |
| Accounts Payable | 37 | 222 | 839 | (36) | 3 | (141) | (29) | 4 | (9) | 72 | (229) | 79 | 10,632 | (415) | 11,029 |
| Accrued Payroll | 57 | (2) | 23 | 17 | 8 | (2) | --- | 3 | (11) | --- | --- | --- | --- | --- | 93 |
| Unearned Revenue | --- | --- | --- | (55) | --- | --- | --- | --- | --- | --- | --- | --- | (2,661) | 725 | (1,991) |
| Claims Liability | --- | --- | --- | --- | --- | --- | --- | --- | --- | 2 | 13,856 | --- | (4,960) | 1,400 | 10,298 |
| Compensated Absences | 120 | --- | 169 | (25) | (13) | (6) | --- | 19 | 13 | --- | --- | --- | 35 | --- | 312 |
| **Net Cash Provided (Used) by Operating Activities** | $ 565 | $ 2,114 | $ 9,540 | $ 6,808 | $ 2,321 | $ 8,904 | $ 61 | $ 276 | $ (70) | $ 440 | $ (6,212) | $ (121) | $ (29,052) | $ (2,218) | $ (6,644) |
| **Non-Cash Financing and Investing Activities:** | | | | | | | | | | | | | | | |
| Capital Lease Issuance | $ --- | $ --- | $ 16,342 | $ 3,296 | $ --- | $ --- | $ --- | $ --- | $ --- | $ --- | $ --- | $ --- | $ --- | $ --- | $ 19,638 |
| Capital Asset Donations | --- | --- | 274 | --- | --- | --- | --- | --- | 2 | --- | --- | --- | --- | --- | 276 |
| Increase (Decrease) in Fair Value of Investments | 2 | 12 | 7 | 28 | 18 | 52 | 1 | 1 | --- | 19 | 630 | --- | --- | 276 | 1,046 |
| Net Non-Cash Financing and Investing Activities | $ 2 | $ 12 | $ 16,623 | $ 3,324 | $ 18 | $ 52 | $ 1 | $ 1 | $ 2 | $ 19 | $ 630 | $ --- | $ --- | $ 276 | $ 20,960 |

*The **Fiduciary Funds** account for assets held by the State in a trustee or agent capacity.*

## Pension (and Other Employee Benefit) Trust Funds:

### Missouri State Employees' Retirement System:

**Missouri State Employees' Plan** – Accounts for retirement, survivor, and disability benefits paid to employees of the State who are not covered under another state-sponsored retirement plan.

**Judicial Plan** – Accounts for retirement, survivor, and disability benefits to judges in the State of Missouri.

**Missouri Department of Transportation and Highway Patrol Employees' Retirement System** – Accounts for retirement, survivor, and disability benefits paid to Department of Transportation employees and members of the Missouri State Highway Patrol.

**Missouri Consolidated Health Care Plan State Retiree Welfare Benefit Trust** – Accounts for health and welfare benefits paid for the exclusive benefit of current and future retired employees of the State who are not covered under another state-sponsored other post-employment benefit plan.

**Missouri State Employees' Deferred Compensation Incentive (IRC 401a) Plan** – Accounts for retirement benefits paid to employees of the State.

**Missouri State Public Employees' Deferred Compensation (IRC 457) Plan** – Accounts for deposits from State employees, which are invested for the benefit of the employees until properly authorized to distribute.

## Private-Purpose Trust Funds:

**Alternative Care Trust** – Accounts for all moneys received and spent by the Division of Family Services on behalf of children in their custody.

**Johnson-Travis Memorial Trust** – Accounts for all moneys, stocks, and securities given to the State by Miss Pansy Johnson or for the benefit of the Pansy Johnson-Travis Memorial State Gardens. Moneys will be used solely to establish, develop, and maintain the gardens.

**Unclaimed Property** – Accounts for moneys unpaid or unclaimed within one year after final settlement of any executor or administrator, assignee, sheriff or receiver and all unclaimed deposits, dividends, and interest of banks unable to locate the owners.

## Agency Funds:

**Social Security Contributions** – Accounts for the receipt of contributions from various state funds for the State's share of social security contributions, which are due to the Federal Social Security Administration.

**Missouri State Employees' Voluntary Life Insurance** – Accounts for moneys withheld from employees' compensation for the contracts entered into with life insurance companies.

**Program** – Accounts for the receipt of various taxes, refundable deposits, and other moneys to be held until the State has the right or obligation to distribute them to various entities or individuals.

**Institution** – Accounts for deposits to various institutional accounts and other receipts held by the State until there is proper authorization to disburse them directly to others.

# STATE OF MISSOURI
## COMBINING STATEMENT OF FIDUCIARY NET ASSETS
## PENSION (AND OTHER EMPLOYEE BENEFIT) TRUST FUNDS
## June 30, 2008
## (In Thousands of Dollars)

| | Missouri State Employees' Retirement System | | Missouri Department of Transportation and Highway Patrol Employees' Retirement System | Missouri Consolidated Health Care Plan State Retiree Welfare Benefit Trust | Deferred Compensation | | Totals |
|---|---|---|---|---|---|---|---|
| | Missouri State Employees' Plan | Judicial Plan | | | 401 (a) Plan | 457 Plan | June 30, 2008 |
| **ASSETS** | | | | | | | |
| Cash and Cash Equivalents | $ 714,626 | $ 6,876 | $ 110 | $ 15,646 | $ 139 | $ 490 | $ 737,887 |
| Investments at Fair Value | 7,286,120 | 70,105 | 1,685,750 | --- | 314,261 | 1,094,631 | 10,450,867 |
| Receivables: | | | | | | | |
| Accounts Receivable | 97,275 | 1,938 | 35,006 | 13,571 | 180 | 724 | 148,694 |
| Interest Receivable | --- | --- | 4,209 | --- | --- | --- | 4,209 |
| Invested Securities Lending Collateral | 981,008 | 9,439 | 61,380 | --- | --- | --- | 1,051,827 |
| Prepaid Expenses | 83 | 1 | 8 | --- | --- | --- | 92 |
| Capital Assets: | | | | | | | |
| Land | 264 | 3 | 84 | --- | --- | --- | 351 |
| Buildings | 3,440 | 33 | 582 | --- | --- | --- | 4,055 |
| Equipment | 1,761 | 17 | 1,145 | --- | --- | --- | 2,923 |
| Accumulated Depreciation | (2,169) | (21) | (234) | --- | --- | --- | (2,424) |
| Total Capital Assets, Net | 3,296 | 32 | 1,577 | --- | --- | --- | 4,905 |
| Total Assets | 9,082,408 | 88,391 | 1,788,040 | 29,217 | 314,580 | 1,095,845 | 12,398,481 |
| **LIABILITIES** | | | | | | | |
| Accounts Payable | 150,975 | 1,453 | 7,984 | 124 | 178 | 628 | 161,342 |
| Securities Lending Collateral | 997,021 | 9,593 | 61,380 | --- | --- | --- | 1,067,994 |
| Unearned Revenue | --- | --- | --- | 2,996 | --- | --- | 2,996 |
| Claims Liability | --- | --- | --- | 10,451 | --- | --- | 10,451 |
| Obligations under Lease Purchase | --- | --- | 1 | --- | --- | --- | 1 |
| Compensated Absences | 382 | 4 | --- | --- | --- | --- | 386 |
| Total Liabilities | 1,148,378 | 11,050 | 69,365 | 13,571 | 178 | 628 | 1,243,170 |
| Net Assets Held in Trust for Benefits | $ 7,934,030 | $ 77,341 | $ 1,718,675 | $ 15,646 | $ 314,402 | $ 1,095,217 | $ 11,155,311 |

# STATE OF MISSOURI
## COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
## PENSION (AND OTHER EMPLOYEE BENEFIT) TRUST FUNDS
## For the Fiscal Year Ended June 30, 2008
## (In Thousands of Dollars)

| | Missouri State Employees' Retirement System | | Missouri Department of Transportation and Highway Patrol Employees' Retirement System | Missouri Consolidated Health Care Plan State Retiree Welfare Benefit Trust | Deferred Compensation | | Totals |
|---|---|---|---|---|---|---|---|
| | Missouri State Employees' Plan | Judicial Plan | | | 401 (a) Plan | 457 Plan | June 30, 2008 |
| **Additions:** | | | | | | | |
| Contributions: | | | | | | | |
| Employer | $ 249,770 | $ 26,215 | $ 123,335 | $ 76,906 | $ 16,663 | $ --- | $ 492,889 |
| Plan Member | 3,085 | --- | --- | 40,826 | --- | 91,803 | 135,714 |
| Other | 38 | --- | 1,193 | --- | 47,129 | 401 | 48,761 |
| Total Contributions | 252,893 | 26,215 | 124,528 | 117,732 | 63,792 | 92,204 | 677,364 |
| Investment Earnings: | | | | | | | |
| Increase (Decrease) in Appreciation of Assets | (44,207) | (425) | (39,141) | --- | (11,736) | (57,557) | (153,066) |
| Interest and Dividends | 222,877 | 2,144 | 23,443 | 185 | 25,910 | 100,475 | 375,034 |
| Securities Lending Income | 49,767 | 479 | 3,848 | --- | --- | --- | 54,094 |
| Total Investment Earnings | 228,437 | 2,198 | (11,850) | 185 | 14,174 | 42,918 | 276,062 |
| Less Investment Expenses: | | | | | | | |
| Investment Activity Expense | (76,404) | (735) | (27,632) | --- | --- | --- | (104,771) |
| Securities Lending Expense | (41,405) | (399) | (3,435) | --- | --- | --- | (45,239) |
| Total Investment Expense | (117,809) | (1,134) | (31,067) | --- | --- | --- | (150,010) |
| Net Investment Earnings | 110,628 | 1,064 | (42,917) | 185 | 14,174 | 42,918 | 126,052 |
| Cost Reimbursement/ Miscellaneous | 572 | 6 | 32 | --- | --- | --- | 610 |
| Total Additions | 364,093 | 27,285 | 81,643 | 117,917 | 77,966 | 135,122 | 804,026 |
| **Deductions:** | | | | | | | |
| Benefits | 479,854 | 22,058 | 185,801 | 94,400 | 31,678 | --- | 813,791 |
| Administrative Expenses | 6,722 | 65 | 2,308 | 7,871 | 893 | --- | 17,859 |
| Program Distributions | --- | --- | --- | --- | --- | 116,143 | 116,143 |
| Service Transfer Payments | 251 | --- | --- | --- | --- | --- | 251 |
| Depreciation | 229 | 2 | 63 | --- | --- | --- | 294 |
| Total Deductions | 487,056 | 22,125 | 188,172 | 102,271 | 32,571 | 116,143 | 948,338 |
| Change in Net Assets | (122,963) | 5,160 | (106,529) | 15,646 | 45,395 | 18,979 | (144,312) |
| Net Assets Held in Trust for Benefits Beginning of Year | 8,056,993 | 72,181 | 1,825,204 | --- | 269,007 | 1,076,238 | 11,299,623 |
| End of Year | $ 7,934,030 | $ 77,341 | $ 1,718,675 | $ 15,646 | $ 314,402 | $ 1,095,217 | $ 11,155,311 |

STATE OF MISSOURI
COMBINING STATEMENT OF FIDUCIARY NET ASSETS
PRIVATE-PURPOSE TRUST FUNDS
June 30, 2008
(In Thousands of Dollars)

| | Alternative Care Trust | Johnson-Travis Memorial Trust | Unclaimed Property | Totals June 30, 2008 |
|---|---|---|---|---|
| **ASSETS** | | | | |
| Cash and Cash Equivalents | $ 302 | $ 3 | $ 732 | $ 1,037 |
| Investments at Fair Value | 3,684 | 89 | 8,925 | 12,698 |
| Interest Receivable | 30 | --- | --- | 30 |
| Inventories | --- | --- | 1 | 1 |
| Capital Assets: | | | | |
| Equipment | --- | --- | 51 | 51 |
| Less: Accumulated Depreciation | --- | --- | (26) | (26) |
| Total Capital Assets, Net | --- | --- | 25 | 25 |
| Total Assets | 4,016 | 92 | 9,683 | 13,791 |
| **LIABILITIES** | | | | |
| Accounts Payable | 881 | --- | 16 | 897 |
| Accrued Payroll | --- | --- | 21 | 21 |
| Total Liabilities | 881 | --- | 37 | 918 |
| **NET ASSETS** | | | | |
| Net Assets Held in Trust for Other Purposes | $ 3,135 | $ 92 | $ 9,646 | $ 12,873 |

STATE OF MISSOURI
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
PRIVATE-PURPOSE TRUST FUNDS
For the Fiscal Year Ended June 30, 2008
(In Thousands of Dollars)

| | Alternative Care Trust | Johnson-Travis Memorial Trust | Unclaimed Property | Totals June 30, 2008 |
|---|---|---|---|---|
| **Additions:** | | | | |
| Increase (Decrease) in Appreciation of Assets | $ 12 | $ --- | $ 33 | $ 45 |
| Interest | 187 | 2 | --- | 189 |
| Total Investment Earnings | 199 | 2 | 33 | 234 |
| Unclaimed Property | --- | --- | 29,261 | 29,261 |
| Cost Reimbursement/Miscellaneous | 11,149 | --- | 30 | 11,179 |
| Total Additions | 11,348 | 2 | 29,324 | 40,674 |
| **Deductions:** | | | | |
| Administrative Expenses | --- | --- | 2,696 | 2,696 |
| Program Distributions | 11,848 | --- | 30,643 | 42,491 |
| Depreciation | --- | --- | 9 | 9 |
| Total Deductions | 11,848 | --- | 33,348 | 45,196 |
| Change in Net Assets | (500) | 2 | (4,024) | (4,522) |
| Net Assets - Beginning | 3,635 | 90 | 13,670 | 17,395 |
| Net Assets - Ending | $ 3,135 | $ 92 | $ 9,646 | $ 12,873 |

STATE OF MISSOURI
COMBINING BALANCE SHEET
AGENCY FUNDS
June 30, 2008
(In Thousands of Dollars)

| | Social Security Contributions | Missouri State Employees' Voluntary Life Insurance | Program | Institution | Totals June 30, 2008 |
|---|---|---|---|---|---|
| **ASSETS** | | | | | |
| Cash and Cash Equivalents | $ 8 | $ 10 | $ 19,400 | $ 28,543 | $ 47,961 |
| Investments at Fair Value | 94 | 124 | 380,643 | 1,274 | 382,135 |
| Receivables: | | | | | |
| Accounts Receivable | 6,254 | --- | 193,577 | 317 | 200,148 |
| Interest Receivable | --- | --- | 685 | --- | 685 |
| Total Assets | $ 6,356 | $ 134 | $ 594,305 | $ 30,134 | $ 630,929 |
| **LIABILITIES** | | | | | |
| Accounts Payable | $ --- | $ --- | $ 31 | $ --- | $ 31 |
| Due to Other Entities | 6,356 | 134 | 591,119 | --- | 597,609 |
| Due to Individuals | --- | --- | 3,155 | 30,134 | 33,289 |
| Total Liabilities | $ 6,356 | $ 134 | $ 594,305 | $ 30,134 | $ 630,929 |

# STATE OF MISSOURI
## COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
## AGENCY FUNDS
## For the Fiscal Year Ended June 30, 2008
## (In Thousands of Dollars)

| | Balance July 1, 2007 | Additions | Deductions | Balance June 30, 2008 |
|---|---|---|---|---|
| SOCIAL SECURITY CONTRIBUTIONS | | | | |
| ASSETS | | | | |
| Cash and Cash Equivalents | $ 20 | $ 155,001 | $ 155,013 | $ 8 |
| Investments at Fair Value | 81 | 94 | 81 | 94 |
| Accounts Receivable | 6,089 | 6,254 | 6,089 | 6,254 |
| Total Assets | $ 6,190 | $ 161,349 | $ 161,183 | $ 6,356 |
| LIABILITIES | | | | |
| Due to Other Entities | $ 6,190 | $ 470,493 | $ 470,327 | $ 6,356 |
| MISSOURI STATE EMPLOYEES' VOLUNTARY LIFE INSURANCE | | | | |
| ASSETS | | | | |
| Cash and Cash Equivalents | $ --- | $ 3,281 | $ 3,271 | $ 10 |
| Investments at Fair Value | --- | 124 | --- | 124 |
| Total Assets | $ --- | $ 3,405 | $ 3,271 | $ 134 |
| LIABILITIES | | | | |
| Due to Other Entities | $ --- | $ 3,281 | $ 3,147 | $ 134 |
| PROGRAM | | | | |
| ASSETS | | | | |
| Cash and Cash Equivalents | $ 15,416 | $ 5,673,463 | $ 5,669,479 | $ 19,400 |
| Investments at Fair Value | 352,653 | 548,680 | 520,690 | 380,643 |
| Receivables: | | | | |
| Accounts Receivable | 62,159 | 171,122 | 39,704 | 193,577 |
| Interest Receivable | 1,546 | 7,420 | 8,281 | 685 |
| Total Assets | $ 431,774 | $ 6,400,685 | $ 6,238,154 | $ 594,305 |
| LIABILITIES | | | | |
| Accounts Payable | $ 30 | $ 393 | $ 392 | $ 31 |
| Due to Other Entities | 426,171 | 6,119,881 | 5,954,933 | 591,119 |
| Due to Individuals | 5,573 | 245,760 | 248,178 | 3,155 |
| Total Liabilities | $ 431,774 | $ 6,366,034 | $ 6,203,503 | $ 594,305 |
| INSTITUTION | | | | |
| ASSETS | | | | |
| Cash and Cash Equivalents | $ 26,708 | $ 149,270 | $ 147,435 | $ 28,543 |
| Investments at Fair Value | 1,195 | 141 | 62 | 1,274 |
| Accounts Receivable | 295 | 32 | 10 | 317 |
| Total Assets | $ 28,198 | $ 149,443 | $ 147,507 | $ 30,134 |
| LIABILITIES | | | | |
| Due to Individuals | $ 28,198 | $ 149,443 | $ 147,507 | $ 30,134 |
| TOTALS – ALL AGENCY FUNDS | | | | |
| ASSETS | | | | |
| Cash and Cash Equivalents | $ 42,144 | $ 5,981,015 | $ 5,975,198 | $ 47,961 |
| Investments at Fair Value | 353,929 | 549,039 | 520,833 | 382,135 |
| Receivables: | | | | |
| Accounts Receivable | 68,543 | 177,408 | 45,803 | 200,148 |
| Interest Receivable | 1,546 | 7,420 | 8,281 | 685 |
| Total Assets | $ 466,162 | $ 6,714,882 | $ 6,550,115 | $ 630,929 |
| LIABILITIES | | | | |
| Accounts Payable | $ 30 | $ 393 | $ 392 | $ 31 |
| Due to Other Entities | 432,361 | 6,593,655 | 6,428,407 | 597,609 |
| Due to Individuals | 33,771 | 395,203 | 395,685 | 33,289 |
| Total Liabilities | $ 466,162 | $ 6,989,251 | $ 6,824,484 | $ 630,929 |

*The **Component Units** account for all transactions relating to legally separate entities which, for reporting purposes, are a part of the State.*

## Non-Major Component Units:

**Missouri Development Finance Board** – Accounts for moneys from bond proceeds, gifts, and grants to make loans for industrial development.

**Missouri Agricultural and Small Business Development Authority** – Accounts for moneys from bond proceeds, gifts, and grants to make loans for property acquisitions/renovations and pollution control facilities.

**Missouri Transportation Finance Corporation** – Accounts for moneys from federal, state or local sources, and from bond proceeds to be used for projects approved by the Missouri Highways and Transportation Commission.

STATE OF MISSOURI
COMBINING STATEMENT OF NET ASSETS
NON-MAJOR COMPONENT UNITS
June 30, 2008
(In Thousands of Dollars)

| | Missouri Development Finance Board | Missouri Agricultural and Small Business Development Authority | Missouri Transportation Finance Corporation | Totals June 30, 2008 |
|---|---|---|---|---|
| **ASSETS** | | | | |
| Current Assets: | | | | |
| Cash and Cash Equivalents | $ 17,818 | $ 338 | $ 2,838 | $ 20,994 |
| Investments | 18,045 | 1,706 | 6,665 | 26,416 |
| Interest Receivable | 239 | 19 | 896 | 1,154 |
| Prepaid Items | 150 | --- | --- | 150 |
| Loans Receivable | 279 | 983 | 8,073 | 9,335 |
| Non-Current Assets: | | | | |
| Advance to Primary Government | --- | --- | 6,167 | 6,167 |
| Loans Receivable | 6,025 | 3,349 | 3,596 | 12,970 |
| Restricted Assets: | | | | |
| Cash and Cash Equivalents | 15,558 | 498 | 902 | 16,958 |
| Investments | 12,506 | 3,738 | 57,072 | 73,316 |
| Capital Assets: | | | | |
| Land | 7,220 | --- | --- | 7,220 |
| Buildings | 49,614 | --- | --- | 49,614 |
| Equipment | 140 | --- | --- | 140 |
| Less Accumulated Depreciation | (4,802) | --- | --- | (4,802) |
| Total Capital Assets (Net of Accumulated Depreciation) | 52,172 | --- | --- | 52,172 |
| Total Assets | 122,792 | 10,631 | 86,209 | 219,632 |
| **LIABILITIES** | | | | |
| Current Liabilities: | | | | |
| Accounts Payable | 481 | 6 | 4 | 491 |
| Due to Primary Government | --- | 983 | --- | 983 |
| Interest Payable | 49 | 54 | --- | 103 |
| Bonds Payable | 240 | --- | --- | 240 |
| Non-Current Liabilities: | | | | |
| Advance from Primary Government | --- | 3,851 | --- | 3,851 |
| Deposits and Reserves | 21,204 | --- | --- | 21,204 |
| Bonds Payable | 31,610 | --- | --- | 31,610 |
| Total Liabilities | 53,584 | 4,894 | 4 | 58,482 |
| **NET ASSETS** | | | | |
| Invested in Capital Assets, Net | 20,322 | --- | --- | 20,322 |
| Restricted for: | | | | |
| Other Purposes | 5,795 | 4,236 | 76,311 | 86,342 |
| Unrestricted | 43,091 | 1,501 | 9,894 | 54,486 |
| Total Net Assets | $ 69,208 | $ 5,737 | $ 86,205 | $ 161,150 |

STATE OF MISSOURI
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
NON-MAJOR COMPONENT UNITS
For the Fiscal Year Ended June 30, 2008
(In Thousands of Dollars)

| | Missouri Development Finance Board | Missouri Agricultural and Small Business Development Authority | Missouri Transportation Finance Corporation | Totals June 30, 2008 |
|---|---|---|---|---|
| **Operating Revenues:** | | | | |
| Licenses, Fees, and Permits | $ 3,075 | $ 156 | $ 6 | $ 3,237 |
| Interest on Receivables | 317 | --- | 1,064 | 1,381 |
| Leases and Rentals | 3,724 | --- | --- | 3,724 |
| Cost Reimbursement/Miscellaneous | 1,122 | 1 | --- | 1,123 |
| Total Operating Revenues | 8,238 | 157 | 1,070 | 9,465 |
| **Operating Expenses:** | | | | |
| Personal Service | 658 | 281 | 33 | 972 |
| Operations | 1,866 | 125 | 10 | 2,001 |
| Specific Programs | 1,501 | 187 | --- | 1,688 |
| Depreciation and Amortization | 1,492 | --- | --- | 1,492 |
| Bad Debt Expense | 106 | --- | --- | 106 |
| Other Charges | 20 | 1 | 5 | 26 |
| Total Operating Expenses | 5,643 | 594 | 48 | 6,285 |
| Operating Income (Loss) | 2,595 | (437) | 1,022 | 3,180 |
| **Non-Operating Revenues (Expenses):** | | | | |
| Contributions and Intergovernmental | (10,714) | 2 | --- | (10,712) |
| Investment Earnings: | | | | |
| Increase (Decrease) in Fair Value of Investments | --- | 294 | 832 | 1,126 |
| Interest | 2,534 | 181 | 1,627 | 4,342 |
| Interest Expense | (1,262) | (59) | --- | (1,321) |
| Miscellaneous Expenses | --- | --- | (57) | (57) |
| Total Non-Operating Revenues (Expenses) | (9,442) | 418 | 2,402 | (6,622) |
| Change in Net Assets | (6,847) | (19) | 3,424 | (3,442) |
| Total Net Assets - Beginning | 76,055 | 5,756 | 82,781 | 164,592 |
| Total Net Assets - Ending | $ 69,208 | $ 5,737 | $ 86,205 | $ 161,150 |

STATE OF MISSOURI
COMBINING STATEMENT OF CASH FLOWS
NON-MAJOR COMPONENT UNITS
For the Fiscal Year Ended June 30, 2008
(In Thousands of Dollars)

| | Missouri Development Finance Board | Missouri Agricultural and Small Business Development Authority | Missouri Transportation Finance Corporation | Totals June 30, 2008 |
|---|---|---|---|---|
| **Cash Flows from Operating Activities:** | | | | |
| Receipts from Customers and Users | $ 5,835 | $ 138 | $ 901 | $ 6,874 |
| Loans to Outside Entities | --- | (1,250) | 687 | (563) |
| Payments to Vendors and Suppliers | (3,141) | (161) | (13) | (3,315) |
| Payments to Employees | (658) | (281) | (33) | (972) |
| Net Payments/Receipts for tax credit projects | (19,685) | --- | --- | (19,685) |
| Other Payments | --- | (188) | (5) | (193) |
| Net Cash Provided (Used) by Operating Activities | (17,649) | (1,742) | 1,537 | (17,854) |
| **Cash Flows from Non-Capital Financing Activities:** | | | | |
| Loans Receivable Principal Receipts | 4,125 | --- | --- | 4,125 |
| Loans Receivable Issuance | (253) | --- | --- | (253) |
| Due to/from Primary Government | --- | 257 | --- | 257 |
| Advance to/from Primary Government | --- | 551 | 5,991 | 6,542 |
| Contributions and Intergovernmental | (540) | 2 | --- | (538) |
| Net Cash Provided (Used) by Non-Capital Financing Activities | 3,332 | 810 | 5,991 | 10,133 |
| **Cash Flows from Capital and Related Financing Activities:** | | | | |
| Interest Expense | (1,335) | (89) | --- | (1,424) |
| Purchases and Construction of Capital Assets | (1,426) | --- | --- | (1,426) |
| Net Cash Provided (Used) by Capital and Related Financing Activities | (2,761) | (89) | --- | (2,850) |
| **Cash Flows from Investing Activities:** | | | | |
| Proceeds from Investment Maturities | 109,938 | 186 | --- | 110,124 |
| Purchase of Investments | (92,794) | --- | (7,641) | (100,435) |
| Interest | 2,918 | 181 | 1,627 | 4,726 |
| Investment Fees | --- | --- | (57) | (57) |
| Net Cash Provided (Used) by Investing Activities | 20,062 | 367 | (6,071) | 14,358 |
| Net Increase (Decrease) in Cash | 2,984 | (654) | 1,457 | 3,787 |
| Cash and Cash Equivalents, Beginning of Year | 30,392 | 1,490 | 2,283 | 34,165 |
| Cash and Cash Equivalents, End of Year | $ 33,376 | $ 836 | $ 3,740 | $ 37,952 |
| **Reconciliation of Net Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:** | | | | |
| Operating Income (Loss) | $ 2,595 | $ (437) | $ 1,022 | $ 3,180 |
| Depreciation/Amortization Expense | 1,492 | --- | --- | 1,492 |
| Changes in Assets and Liabilities: | | | | |
| Accounts Receivable | (33) | --- | --- | (33) |
| Interest Receivable | 74 | (19) | (169) | (114) |
| Deferred Charges | 2 | --- | --- | 2 |
| Prepaid Items | 249 | --- | --- | 249 |
| Loans Receivable | --- | (1,250) | 687 | (563) |
| Accounts Payable | 100 | (36) | (3) | 61 |
| Deposit and Reserve | (22,128) | --- | --- | (22,128) |
| Net Cash Provided (Used) by Operating Activities | $ (17,649) | $ (1,742) | $ 1,537 | $ (17,854) |
| **Non-Cash Financing and Investing Activities:** | | | | |
| Increase (Decrease) in Fair Value of Investments | $ --- | $ 31 | $ 832 | $ 863 |
| Net Non-Cash Financing and Investing Activities | $ --- | $ 31 | $ 832 | $ 863 |

*The **Statistical Section** presentations include Financial Trends, Revenue Capacity, Debt Capacity, Demographic and Economic Information, and Operating Information trends. The statistical data presented is intended to provide report users with a broader understanding of the environment in which the State operates.*

STATE OF MISSOURI
STATISTICAL SECTION
June 30, 2008

# *Index and Overview*

This part of the State's Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the State's overall financial health.

**Financial Trends**
*These schedules contain trend information to help the reader understand how the State's financial performance and fiscal health have changed over time.*


Net Assets by Component ..... 145
Changes in Net Assets ..... 146
Fund Balances – Governmental Funds ..... 147
Changes in Fund Balances – Governmental Funds ..... 148


**Revenue Capacity**
*These schedules contain information to help the reader understand the State's capacity to raise revenues and the sources of those revenues.*


Revenue Base ..... 149
Revenue Rates ..... 150
Revenue Payers by Industry/Category ..... 151


**Debt Capacity**
*These schedules present information to help the reader understand and assess the State's levels of outstanding debt and the State's ability to issue additional debt in the future.*


Ratios of Outstanding Debt ..... 152
Pledged Revenue Coverage ..... 153


**Demographic and Economic Information**
*These schedules contain demographic and economic indicators to help the reader understand the environment within which the State's financial activities take place.*


Demographic and Economic Indicators ..... 154
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**Operating Information**
*These schedules contain operating data to help the reader understand how the information in the State's financial report relates to the services it provides and the activities it performs.*


State Employees by Function ..... 156
Operating Indicators by Function ..... 157
Capital Asset Counts and Square Footage of Buildings Occupied by Function ..... 158


*Sources: Unless otherwise noted, the information in these schedules is derived from the State of Missouri Comprehensive Annual Financial Report for the years shown.*

## STATE OF MISSOURI
## NET ASSETS BY COMPONENT
## FISCAL YEARS 2005-2008
## (In Thousands of Dollars)

| | 2008 | 2007* | 2006 | 2005 |
|---|---|---|---|---|
| **Governmental Activities** | | | | |
| Invested in Capital Assets, Net of Related Debt | $ 25,439,971 | $ 25,475,504 | $ 25,840,886 | $ 25,572,008 |
| Restricted | 5,968,804 | 5,032,619 | 3,824,769 | 3,250,204 |
| Unrestricted | (2,373,765) | (1,909,993) | (1,453,203) | (1,321,738) |
| **Total Governmental Activities Net Assets** | $ 29,035,010 | $ 28,598,130 | $ 28,212,452 | $ 27,500,474 |
| **Business-Type Activities** | | | | |
| Invested in Capital Assets, Net of Related Debt | $ 41,755 | $ 40,922 | $ 39,669 | $ 43,304 |
| Restricted | 45,362 | 9,517 | 3,942 | 12,407 |
| Unrestricted | 329,511 | 185,453 | 33,993 | (151,323) |
| **Total Business-Type Activities Net Assets** | $ 416,628 | $ 235,892 | $ 77,604 | $ (95,612) |
| **Primary Government** | | | | |
| Invested in Capital Assets, Net of Related Debt | $ 25,481,726 | $ 25,516,426 | $ 25,880,555 | $ 25,615,312 |
| Restricted | 6,014,166 | 5,042,136 | 3,828,711 | 3,262,611 |
| Unrestricted | (2,044,254) | (1,724,540) | (1,419,210) | (1,473,061) |
| **Total Primary Government Net Assets** | $ 29,451,638 | $ 28,834,022 | $ 28,290,056 | $ 27,404,862 |

*Fiscal year 2007 amounts have been restated.

# STATE OF MISSOURI
# CHANGES IN NET ASSETS
# FISCAL YEARS 2005-2008
# (In Thousands of Dollars)

| | 2008 | 2007* | 2006 | 2005 |
|---|---|---|---|---|
| **Governmental Activities :** | | | | |
| **Expenses** | | | | |
| General Government | $ 1,209,716 | $ 1,092,613 | $ 981,614 | $ 1,035,396 |
| Education | 6,379,185 | 6,042,581 | 5,773,048 | 5,669,627 |
| Natural and Economic | 1,006,506 | 928,873 | 867,915 | 834,269 |
| Transportation and Law Enforcement | 2,255,196 | 2,303,272 | 2,025,341 | 2,189,839 |
| Human Services | 9,876,119 | 9,191,994 | 9,890,652 | 9,771,651 |
| Interest on Debt (Excluding Direct Expense) | 174,450 | 149,987 | 130,438 | 126,202 |
| Total Expenses | 20,901,172 | 19,709,320 | 19,669,008 | 19,626,984 |
| **Program Revenues** | | | | |
| Charges for Services | 1,816,377 | 1,685,635 | 1,611,022 | 1,453,667 |
| Operating Grants and Contributions | 8,669,295 | 7,828,289 | 7,758,885 | 7,767,831 |
| Capital Grants and Contributions | 387 | 306 | --- | --- |
| Total Program Revenues | 10,486,059 | 9,514,230 | 9,369,907 | 9,221,498 |
| **Total Governmental Activities Net Program Expense** | (10,415,113) | (10,195,090) | (10,299,101) | (10,405,486) |
| **General Revenues and Other Changes in Net Assets** | | | | |
| Taxes: | | | | |
| Sales and Use | 2,871,465 | 2,929,398 | 3,047,305 | 3,003,405 |
| Individual Income | 5,447,817 | 5,140,588 | 5,271,506 | 4,821,500 |
| Corporate Income | 463,826 | 496,378 | 520,324 | 351,116 |
| County Foreign Insurance | 186,566 | 178,507 | 186,647 | 163,952 |
| Alcoholic Beverage | 27,754 | 28,074 | 29,068 | 28,045 |
| Corporate Franchise | 82,360 | 69,704 | 76,574 | 118,343 |
| Inheritance | 3,073 | 5,351 | 15,319 | 41,832 |
| Miscellaneous Taxes | 1,173,076 | 1,164,171 | 1,307,727 | 1,334,595 |
| Grants and Contributions not Restricted to Specific Programs | 196,401 | 195,662 | 158,745 | 158,140 |
| Unrestricted Investment Earnings | 134,772 | 145,879 | 146,234 | 80,161 |
| Transfers | 264,883 | 256,687 | 258,773 | 207,159 |
| Total General Revenues and Other Changes in Net Assets | 10,851,993 | 10,610,399 | 11,018,222 | 10,308,248 |
| **Total Governmental Activities Change in Net Assets** | $ 436,880 | $ 415,309 | $ 719,121 | $ (97,238) |
| **Business-Type Activities :** | | | | |
| **Expenses** | | | | |
| State Lottery | $ 740,279 | $ 689,426 | $ 665,848 | $ 575,667 |
| Unemployment Compensation | 498,318 | 444,962 | 412,937 | 501,098 |
| Petroleum Storage Tank Insurance | 21,516 | 16,249 | 13,243 | 25,944 |
| Missouri Veteran's Homes | 57,066 | 53,234 | 46,664 | 58,760 |
| Non-Major Funds | 16,643 | 16,498 | 20,764 | 13,345 |
| Total Expenses | 1,333,822 | 1,220,369 | 1,159,456 | 1,174,814 |
| **Revenues** | | | | |
| Charges for Services | 1,106,483 | 1,011,407 | 989,703 | 857,674 |
| Operating Grants and Contributions | 657,534 | 618,071 | 603,727 | 542,984 |
| Total Revenues | 1,764,017 | 1,629,478 | 1,593,430 | 1,400,658 |
| **Total Business-Type Activities Net Program Expense** | 430,195 | 409,109 | 433,974 | 225,844 |
| **General Revenues and Other Changes in Net Assets** | | | | |
| Unrestricted Investment Earnings | 15,424 | 5,684 | (2,189) | 3,213 |
| Extraordinary Items | --- | --- | 35 | --- |
| Transfers | (264,883) | (256,687) | (258,773) | (207,159) |
| Total General Revenues and Other Changes in Net Assets | (249,459) | (251,003) | (260,927) | (203,946) |
| **Total Business-Type Activities Change in Net Assets** | $ 180,736 | $ 158,106 | $ 173,047 | $ 21,898 |
| **Total Primary Government Change in Net Assets** | $ 617,616 | $ 573,415 | $ 892,168 | $ (75,340) |

*Fiscal year 2007 amounts have been restated.

STATE OF MISSOURI
FUND BALANCES - GOVERNMENTAL FUNDS
FISCAL YEARS 2005-2008
(In Thousands of Dollars)

| | 2008 | 2007* | 2006 | 2005 |
|---|---|---|---|---|
| **General Fund** | | | | |
| Reserved | $ 584,441 | $ 567,880 | $ 526,159 | $ 577,561 |
| Unreserved | 1,335,999 | 1,289,033 | 988,240 | 326,920 |
| **Total General Fund** | 1,920,440 | 1,856,913 | 1,514,399 | 904,481 |
| **All Other Governmental Funds** | | | | |
| Reserved | 1,112,257 | 1,068,533 | 988,493 | 876,859 |
| Unreserved, Reported in: | | | | |
| Special Revenue Funds | 1,289,868 | 1,184,853 | 1,192,431 | 1,043,965 |
| Capital Projects Funds | 927,694 | 542,038 | 213,026 | 251,124 |
| Permanent Funds | 116 | 88 | 96 | 87 |
| **Total All Other Governmental Funds** | 3,329,935 | 2,795,512 | 2,394,046 | 2,172,035 |
| **Total Fund Balances, Governmental Funds** | $ 5,250,375 | $ 4,652,425 | $ 3,908,445 | $ 3,076,516 |

*Fiscal year 2007 amounts have been restated.

## STATE OF MISSOURI
## CHANGES IN FUND BALANCES
## GOVERNMENTAL FUNDS
## FISCAL YEARS 2005-2008
## (In Thousands of Dollars)

| | 2008 | 2007* | 2006* | 2005* |
|---|---|---|---|---|
| **Revenues:** | | | | |
| Taxes | $ 10,220,623 | $ 10,030,906 | $ 10,648,213 | $ 9,646,452 |
| Licenses, Fees, and Permits | 638,050 | 574,873 | 622,911 | 591,530 |
| Sales | 12,064 | 34,973 | 11,321 | 16,849 |
| Leases and Rentals | 438 | 373 | 155 | 2,143 |
| Services | 231,509 | 230,173 | 240,857 | 182,112 |
| Contributions and Intergovernmental | 8,866,111 | 8,025,979 | 7,930,499 | 7,901,109 |
| Investment Earnings: | | | | |
| Net Increase (Decrease) in the Fair Value of Investments | 6,172 | 15,758 | (113) | 3,152 |
| Interest | 203,782 | 185,163 | 136,876 | 69,698 |
| Penalties and Unclaimed Properties | 64,015 | 63,151 | 83,174 | 25,854 |
| Cost Reimbursement/Miscellaneous | 507,689 | 478,419 | 427,916 | 441,555 |
| Total Revenues | 20,750,453 | 19,639,768 | 20,101,809 | 18,880,454 |
| **Expenditures:** | | | | |
| Current: | | | | |
| General Government | 1,021,589 | 924,531 | 875,069 | 865,414 |
| Education | 6,373,671 | 6,044,304 | 5,780,688 | 5,670,649 |
| Natural and Economic Resources | 853,872 | 820,483 | 783,277 | 804,478 |
| Transportation and Law Enforcement | 1,429,102 | 1,396,135 | 1,237,897 | 1,189,831 |
| Human Services | 9,835,109 | 9,160,077 | 9,826,860 | 9,811,224 |
| Capital Outlay: | | | | |
| General Government | --- | 320 | 386 | 245 |
| Education | --- | 18,043 | 21,687 | 13,769 |
| Transportation and Law Enforcement | 1,144,171 | 1,244,625 | 1,117,018 | 846,465 |
| Human Services | 3,133 | 10,248 | 12,319 | 7,821 |
| Debt Service: | | | | |
| Principal | 196,669 | 197,212 | 170,295 | 127,264 |
| Interest | 186,432 | 165,470 | 121,301 | 120,982 |
| Bond Issuance Costs | 2,694 | 5,775 | 1,821 | --- |
| Underwriter's Discount | 390 | 247 | --- | 326 |
| Total Expenditures | 21,046,832 | 19,987,470 | 19,948,618 | 19,458,468 |
| Excess Revenues (Expenditures) | (296,379) | (347,702) | 153,191 | (578,014) |
| **Other Financing Sources (Uses):** | | | | |
| Proceeds from Capital Leases | 52,245 | 8,794 | 41,924 | 53,025 |
| Capital Lease Termination Payment | (22,559) | --- | --- | --- |
| Debt Issuance | 576,800 | 920,000 | 350,660 | --- |
| Issuance of Refunding Bonds | --- | 394,870 | --- | 157,605 |
| Swap Termination Payment | (11,118) | --- | --- | --- |
| Payments to Escrow Agent | --- | (433,477) | --- | (175,553) |
| Bond Premium | 28,361 | 77,099 | 21,336 | 18,274 |
| Proceeds from Capital Asset Sale | 13,142 | 8,675 | 6,634 | 5,920 |
| Transfers In | 266,263 | 257,287 | 260,967 | 239,465 |
| Transfers Out | (6,476) | (120,586) | (1,598) | (19,420) |
| Total Other Financing Sources (Uses) | 896,658 | 1,112,662 | 679,923 | 279,316 |
| Net Change in Fund Balances | 600,279 | 764,960 | 833,114 | (298,698) |
| Increase (Decrease) in Reserve for Inventory | (2,329) | 838 | (129) | 327 |
| **Net Change in Fund Balances** | $ 597,950 | $ 765,798 | $ 832,985 | $ (298,371) |
| **Debt Service as a Percentage of Non-Capital Expenditures** | 1.96% | 1.99% | 1.59% | 1.35% |

*Fiscal years 2005-2007 amounts have been restated.

## STATE OF MISSOURI
## REVENUE BASE
## FISCAL YEARS 2005-2008

| Taxable Sales by Industry | 2008 | 2007 | 2006 | 2005 |
|---|---|---|---|---|
| Agricultural/Forestry, Fishing, and Other | $ 192,024,683 | $ 198,564,812 | $ 190,183,959 | $ 173,064,997 |
| Mining | 106,892,575 | 128,534,001 | 148,041,999 | 144,360,458 |
| Construction | 887,618,876 | 929,753,447 | 929,146,007 | 781,324,533 |
| Manufacturing | 2,995,302,916 | 2,862,904,859 | 3,217,299,757 | 3,033,835,702 |
| Transportation and Public Utilities | 7,130,631,754 | 7,673,318,253 | 7,285,790,054 | 6,950,561,788 |
| Wholesale Trade | 8,028,332,745 | 8,338,189,598 | 8,604,467,502 | 8,136,436,052 |
| Retail Trade | 46,413,720,906 | 46,166,130,737 | 44,878,694,872 | 42,950,724,459 |
| Finance, Insurance, and Real Estate | 538,271,852 | 529,797,617 | 533,582,629 | 507,350,286 |
| Services | 9,212,468,960 | 8,787,849,846 | 8,433,450,983 | 8,015,509,010 |
| State and Local Government | 162,520,783 | 161,631,024 | 156,947,658 | 84,808,852 |
| Non-Classifiable | 19,669,233 | 15,518,372 | 16,694,236 | 16,301,552 |
| **Total Taxable Sales** | $ 75,687,455,283 | $ 75,792,192,566 | $ 74,394,299,656 | $ 70,794,277,689 |
| **Direct Sales Tax Rate** | 4.225% | 4.225% | 4.225% | 4.225% |

| | Calendar Year | | | |
|---|---|---|---|---|
| **Personal Income by Industry (In Thousands)** | 2007 | 2006 | 2005 | 2004 |
| Farm Earnings | $ 916,392 | $ 684,947 | $ 942,505 | $ 1,447,414 |
| Agricultural/Forestry, Fishing, and Other | 322,550 | 316,768 | 313,690 | 315,180 |
| Mining | 637,091 | 589,065 | 539,704 | 414,217 |
| Construction/Utilities | 11,394,944 | 11,213,028 | 10,708,318 | 10,154,302 |
| Manufacturing | 19,825,185 | 19,777,856 | 18,883,609 | 18,909,957 |
| Transportation and Public Utilities | 5,876,147 | 5,649,625 | 5,442,431 | 5,275,278 |
| Wholesale Trade | 8,803,267 | 8,281,109 | 7,899,429 | 7,405,797 |
| Retail Trade | 10,082,485 | 9,813,026 | 9,612,689 | 9,231,804 |
| Finance, Insurance, and Real Estate | 11,569,320 | 11,164,861 | 10,725,944 | 10,367,607 |
| Services | 59,392,031 | 56,073,484 | 53,462,833 | 50,298,016 |
| Federal, civilian | 5,015,726 | 4,854,439 | 4,688,986 | 4,524,190 |
| Military | 2,308,090 | 2,121,049 | 1,992,472 | 1,847,477 |
| State and Local Government | 17,121,727 | 16,316,137 | 15,656,882 | 14,969,626 |
| **Total Personal Income** | $ 153,264,955 | $ 146,855,394 | $ 140,869,492 | $ 135,160,865 |
| **Total Direct Personal Income Tax Rate** | 6.0% | 6.0% | 6.0% | 6.0% |

Sources: Missouri Department of Revenue and Bureau of Economic Analysis.

## STATE OF MISSOURI
## REVENUE RATES
## FISCAL YEARS 2005-2008

| | 2008 | 2007 | 2006 | 2005 |
|---|---|---|---|---|
| Personal Income Tax Revenue | $804,377,211 | $773,375,291 | $662,996,843 | $543,193,091 |
| Personal Income (Federal AGI) | $242,481,271,497 | $215,491,776,833 | $185,705,288,582 | $161,726,939,117 |
| Taxable Income | $172,825,313,183 | $157,963,987,815 | $133,414,355,787 | $114,900,652,083 |
| Average Effective Rate: | | | | |
| Federal Adjusted Gross | 0.33% | 0.36% | 0.36% | 0.34% |
| Taxable Income | 0.47% | 0.49% | 0.50% | 0.47% |

| **Ranges of Tax Rates on the Portion of Taxable Income (In Thousands)** | 2008 | 2007 | 2006 | 2005 |
|---|---|---|---|---|
| Tax Rate | 1.5% | 1.5% | 1.5% | 1.5% |
| Income Levels | 1.1-2 | 1.1-2 | 1.1-2 | 1.1-2 |
| Tax Rate | 2.0% | 2.0% | 2.0% | 2.0% |
| Income Levels | 2.1-3 | 2.1-3 | 2.1-3 | 2.1-3 |
| Tax Rate | 2.5% | 2.5% | 2.5% | 2.5% |
| Income Levels | 3.1-4 | 3.1-4 | 3.1-4 | 3.1-4 |
| Tax Rate | 3.0% | 3.0% | 3.0% | 3.0% |
| Income Levels | 4.1-5 | 4.1-5 | 4.1-5 | 4.1-5 |
| Tax Rate | 3.5% | 3.5% | 3.5% | 3.5% |
| Income Levels | 5.1-6 | 5.1-6 | 5.1-6 | 5.1-6 |
| Tax Rate | 4.0% | 4.0% | 4.0% | 4.0% |
| Income Levels | 6.1-7 | 6.1-7 | 6.1-7 | 6.1-7 |
| Tax Rate | 4.5% | 4.5% | 4.5% | 4.5% |
| Income Levels | 7.1-8 | 7.1-8 | 7.1-8 | 7.1-8 |
| Tax Rate | 5.0% | 5.0% | 5.0% | 5.0% |
| Income Levels | 8.1-9 | 8.1-9 | 8.1-9 | 8.1-9 |
| Tax Rate | 6.0% | 6.0% | 6.0% | 6.0% |
| Income Levels | 9.1+ | 9.1+ | 9.1+ | 9.1+ |

**The State Sales and Use Tax Rate is 4.225%.**

Source: Missouri Department of Revenue

Note: Article X, Sections 16 through 24 of the Missouri Constitution establishes a revenue limit for Missouri State Government. When total revenues exceed the limit, tax refunds are generated.

# STATE OF MISSOURI
# REVENUE PAYERS BY INDUSTRY/CATEGORY
# FISCAL YEARS 2005-2008

## Sales Tax

| | 2008 | % | 2007 | % | 2006 | % | 2005 | % |
|---|---|---|---|---|---|---|---|---|
| Agricultural | $ 8,113,043 | 0.25% | $ 8,389,363 | 0.26% | $ 8,035,272 | 0.26% | $ 7,311,996 | 0.25% |
| Mining | 4,516,211 | 0.14% | 5,430,562 | 0.17% | 6,254,774 | 0.20% | 6,099,229 | 0.20% |
| Construction | 37,501,898 | 1.17% | 39,282,083 | 1.23% | 39,256,419 | 1.25% | 33,010,961 | 1.10% |
| Manufacturing | 126,551,548 | 3.96% | 120,957,730 | 3.78% | 135,930,915 | 4.32% | 128,179,558 | 4.29% |
| Transportation & Utilities | 301,269,192 | 9.42% | 324,197,696 | 10.12% | 307,824,630 | 9.79% | 293,661,236 | 9.82% |
| Wholesale Trade | 339,197,058 | 10.61% | 352,288,511 | 11.00% | 363,538,752 | 11.57% | 343,764,423 | 11.49% |
| Retail Trade | 1,960,979,708 | 61.32% | 1,950,519,024 | 60.91% | 1,896,124,858 | 60.32% | 1,814,668,108 | 60.67% |
| Finance, Insurance, & Real Estate | 22,741,986 | 0.71% | 22,383,949 | 0.70% | 22,543,866 | 0.72% | 21,435,550 | 0.72% |
| Services | 389,226,814 | 12.17% | 371,286,656 | 11.60% | 356,313,304 | 11.34% | 338,655,256 | 11.32% |
| Government | 6,866,503 | 0.22% | 6,828,911 | 0.21% | 6,631,039 | 0.21% | 3,583,174 | 0.12% |
| Non-Classifiable | 831,025 | 0.03% | 655,651 | 0.02% | 705,332 | 0.02% | 688,741 | 0.02% |
| **Total** | $ 3,197,794,986 | 100.00% | $ 3,202,220,136 | 100.00% | $ 3,143,159,161 | 100.00% | $ 2,991,058,232 | 100.00% |

## Personal Income *

| | 2008** | | | |
|---|---|---|---|---|
| | Number of Filers | % of Total | Personal Income Tax Liability | % of Total |
| $50,000 and under | 3,471,050 | 78.35% | $ 1,427,983,764 | 26.48% |
| $50,000 - $100,000 | 705,977 | 15.94% | 1,450,514,807 | 26.89% |
| $100,000 - $250,000 | 188,582 | 4.26% | 927,440,015 | 17.20% |
| $250,000 - $1,000,000 | 50,598 | 1.14% | 752,972,135 | 13.96% |
| $1,000,000 and over | 13,731 | 0.31% | 834,665,186 | 15.47% |
| **Total** | 4,429,938 | 100.00% | $ 5,393,575,907 | 100.00% |

| | 2005** | | | |
|---|---|---|---|---|
| | Number of Filers | % of Total | Personal Income Tax Liability | % of Total |
| $50,000 and under | 3,370,705 | 82.60% | $ 1,381,799,422 | 34.47% |
| $50,000 - $100,000 | 543,861 | 13.33% | 1,124,700,381 | 28.05% |
| $100,000 - $250,000 | 124,636 | 3.05% | 616,542,538 | 15.38% |
| $250,000 - $1,000,000 | 33,760 | 0.83% | 486,312,065 | 12.13% |
| $1,000,000 and over | 7,854 | 0.19% | 399,557,445 | 9.97% |
| **Total** | 4,080,816 | 100.00% | $ 4,008,911,851 | 100.00% |

*Federal Adjusted Gross Income

**Per GASB Statement 44 (effective for statistical sections prepared for periods beginning after June 15, 2005), this schedule is to show the current year and nine years ago. Information not available prior to 2005.

Source: Missouri Department of Revenue

## STATE OF MISSOURI
## RATIOS OF OUTSTANDING DEBT
## FISCAL YEARS 2005-2008
## (In Thousands of Dollars)

| | 2008 | 2007 * | 2006 | 2005 |
|---|---|---|---|---|
| **Governmental Activities** | | | | |
| General Obligation Bonds | $ 666,165 | $ 684,515 | $ 739,935 | $ 790,910 |
| Other Bonds | 3,084,670 | 2,660,875 | 1,873,140 | 1,609,815 |
| Leasehold Revenue Bonds | 36,935 | 37,880 | 38,860 | --- |
| Certificates of Participation | 105,325 | 113,990 | 122,255 | 124,490 |
| Capital Leases | 109,181 | 74,641 | 74,049 | 107,647 |
| **Total Governmental Activities** | $ 4,002,276 | $ 3,571,901 | $ 2,848,239 | $ 2,632,862 |
| Debt as a Percentage of Personal Income[1] | 2.0% | 1.9% | 1.6% | 1.5% |
| Debt Per Capita[1] | $ 681 | $ 612 | $ 492 | $ 458 |

**Legal Debt Margin Calculation for Fiscal Year 2008:**

| | |
|---|---|
| General Obligation Bonds Authorized (Legislative Debt Limit) | $ 1,726,395 |
| Unforeseen Emergency or Casual Deficiency | 1,000 |
| Less: General Obligation Issued | (1,489,494) |
| Legal Debt Margin | $ 237,901 |

**Legal Debt Margin Summary by Fiscal Year:**

| | 2008 | 2007 * | 2006 | 2005 |
|---|---|---|---|---|
| Legislative Debt Limit | $ 1,726,395 | $ 1,686,395 | $ 1,646,395 | $ 1,606,395 |
| Total Net Debt Applicable to Limit | (1,488,494) | (1,438,494) | (1,438,494) | (1,438,494) |
| Legal Debt Margin | $ 237,901 | $ 247,901 | $ 207,901 | $ 167,901 |
| Legal Debt Margin to Debt Limit Ratio | 13.78% | 14.70% | 12.63% | 10.45% |

[1]These ratios are calculated using personal income and population for the calendar year. See *Demographic and Economic Indicators* for personal income and population data.

*Fiscal year 2007 has been restated.

STATE OF MISSOURI
PLEDGED REVENUE COVERAGE
FISCAL YEARS 2006-2008
(In Thousands of Dollars)

| Fiscal Year | Gross Revenues[1] | Less: Operating Expenses[2] | Net Available Revenues | Debt Service | | Coverage[3] |
|---|---|---|---|---|---|---|
| | | | | Principal | Interest | |
| | **State Facility Maintenance and Operation** | | | | | |
| 2008 | $ 48,576 | $ 11,157 | $ 37,419 | $ 15,965 | $ 11,017 | 1.4 |
| 2007 | 48,780 | 10,661 | 38,119 | 15,405 | 11,676 | 1.4 |
| 2006 | 49,474 | 12,078 | 37,396 | 14,130 | 11,054 | 1.5 |
| | **Missouri Road Fund** | | | | | |
| 2008 | $ 1,049,645 | $ 279,823 | $ 769,822 | $ 62,515 | $ 105,117 | 4.6 |
| 2007 | 1,024,787 | 269,210 | 755,577 | 73,350 | 82,049 | 4.9 |
| 2006 | 727,870 | N/A | 727,870 | 63,149 | 49,248 | 6.5 |

N/A = not available

Source: Bond records and debt service schedules.

[1]Revenues for State Facility Maintenance and Operation consist of lease rental payments. Revenues for Missouri Road Fund consist of a portion of the taxes and fees received by the State from the motor fuel tax, sales tax on motor vehicles, use tax on motor vehicles, and revenue derived from motorists for their usage of the highways of the State.

[2]Operating Expenses do not include depreciation.

[3]Coverage equals net available revenue divided by debt service.

## STATE OF MISSOURI
## DEMOGRAPHIC AND ECONOMIC INDICATORS
## CALENDAR YEARS 2004-2007

| | 2007 | 2006 | 2005 | 2004 |
|---|---|---|---|---|
| **Population** | | | | |
| Missouri (In Thousands) | 5,878 | 5,838 | 5,788 | 5,745 |
| Change | 0.7% | 0.9% | 0.7% | |
| National (In Thousands) | 301,621 | 298,755 | 295,896 | 293,192 |
| Change | 1.0% | 1.0% | 0.9% | |
| **Total Personal Income** | | | | |
| Missouri (In Thousands) | $ 199,773,300 | $ 189,575,792 | $ 180,511,998 | $ 173,905,941 |
| Change | 5.4% | 5.0% | 3.8% | |
| National (In Thousands) | $ 11,631,571,000 | $ 10,977,312,000 | $ 10,252,849,000 | $ 9,711,363,000 |
| Change | 6.0% | 7.1% | 5.6% | |
| **Per Capita Personal Income** | | | | |
| Missouri | $ 33,984 | $ 32,475 | $ 31,188 | $ 30,272 |
| Change | 4.6% | 4.1% | 3.0% | |
| National | $ 38,564 | $ 36,744 | $ 34,650 | $ 33,123 |
| Change | 5.0% | 6.0% | 4.6% | |
| **Resident Civilian Labor Force and Employment** | | | | |
| Civilian Labor Force (In Thousands) | 3,031 | 3,016 | 2,997 | 2,986 |
| Employed (In Thousands) | 2,878 | 2,871 | 2,836 | 2,814 |
| Unemployed (In Thousands) | 153 | 145 | 161 | 172 |
| Unemployment Rate | 5.0% | 4.8% | 5.4% | 5.8% |
| National Unemployment Rate | 4.6% | 4.6% | 5.1% | 5.5% |

| | 2007-08 | 2006-07 | 2005-06 | 2004-05 |
|---|---|---|---|---|
| **School Enrollment (In Thousands)** | | | | |
| Elementary and Secondary Education | 894 | 898 | 898 | 892 |
| Higher Education - Private Institutions | 250 | 243 | 240 | 235 |
| Total Enrollment | 1,144 | 1,141 | 1,138 | 1,127 |
| % Change from Prior Year | 0.3% | 0.3% | 1.0% | 0.3% |
| **Higher Education** | | | | |
| **Public Community Colleges** | | | | |
| Number of Campuses | 19 | 18 | 18 | 18 |
| Number of Students (Full-Time Equivalent FTE) | 54,900 | 52,377 | 51,945 | 52,204 |
| Number of Regular Term Teaching Positions (FTE) | 1,352 | 1,332 | 1,309 | 1,291 |
| **State Technical College** | | | | |
| Number of Campuses | 1 | 1 | 1 | 1 |
| Number of Students (Full-Time Equivalent FTE) | 891 | 888 | 885 | 854 |
| Number of Regular Term Teaching Positions (FTE) | 45 | 57 | 51 | 50 |
| **State Colleges/Universities** | | | | |
| Number of Campuses | 14 | 14 | 14 | 14 |
| Number of Students (Full-Time Equivalent FTE) | 106,056 | 103,856 | 102,628 | 100,717 |
| Number of Regular Term Teaching Positions (FTE) | 4,731 | 4,638 | 4,578 | 4,597 |

Sources: Bureau of Economic Analysis, Missouri Economic Research and Information Center, Bureau of Labor Statistics, Missouri Department of Elementary and Secondary Education, and Missouri Department of Higher Education.

## STATE OF MISSOURI
## MAJOR EMPLOYERS
## CALENDAR YEARS 2007 AND 1998

**2007**

| Employer | Number of Employees | Percent of Total State Employment |
|---|---|---|
| State of Missouri[1] | 63,000 | 2.19% |
| Wal-Mart Associates, Inc. | 40,000 + | 1.39% |
| University of Missouri | 20,000 + | 0.69% |
| U.S. Post Office | 15,000 - 20,000 | 0.52% - 0.69% |
| Boeing Corporation | 10,000 - 15,000 | 0.35% - 0.52% |
| Washington University | 10,000 - 15,000 | 0.35% - 0.52% |
| Schnuck Markets, Inc. | 7,500 - 10,000 | 0.26% - 0.35% |
| Barnes-Jewish Hospitals | 7,500 - 10,000 | 0.26% - 0.35% |
| U.S. Department of Defense | 7,500 - 10,000 | 0.26% - 0.35% |
| City of St. Louis | 7,500 - 10,000 | 0.26% - 0.35% |
| Total | 188,000 - 213,000 | 6.53% - 7.40% |
| **Total Missouri Employment** | | **2,878,399** |

**1998**

| Employer[2] | Number of Employees | Percent of Total State Employment |
|---|---|---|
| Wal-Mart Associates, Inc. | 27,500 - 32,500 | 0.98% - 1.16% |
| Boeing Corporation | 20,000 - 25,000 | 0.72% - 0.89% |
| Trans World Airlines, Inc. | 10,000 - 15,000 | 0.36% - 0.54% |
| Washington University | 10,000 - 15,000 | 0.36% - 0.54% |
| Schnuck Markets, Inc. | 10,000 - 15,000 | 0.36% - 0.54% |
| May Department Stores | 7,500 - 15,000 | 0.27% - 0.54% |
| Southwestern Bell Telephone Co. | 7,500 - 10,000 | 0.27% - 0.36% |
| Barnes-Jewish Hospital | 7,500 - 10,000 | 0.27% - 0.36% |
| Ford Motor Company | 7,500 - 10,000 | 0.27% - 0.36% |
| Chrysler Corporation | 7,500 - 10,000 | 0.27% - 0.36% |
| Total | 115,000 - 157,500 | 4.13% - 5.65% |
| **Total Missouri Employment** | | **2,794,869** |

All figures are based on a calendar-year average.

[1]Number of state employees includes only full-time personnel, and does not include college or university employees.

[2]Only includes major private employers.

Sources: Missouri Economic Research and Information Center,
State of Missouri CAFR-Fiscal Year 1999, State Employee Headcount report.

STATE OF MISSOURI
STATE EMPLOYEES BY FUNCTION
FISCAL YEARS 2005-2008
FULL-TIME EQUIVALENTS*

| | 2008 | 2007 | 2006 | 2005 |
|---|---|---|---|---|
| **General Government** | | | | |
| Legislature | 719 | 732 | 749 | 708 |
| Judiciary | 3,731 | 3,777 | 3,826 | 3,452 |
| Public Defender | 555 | 558 | 561 | 571 |
| Governor | 32 | 33 | 34 | 35 |
| Lt. Governor | 6 | 7 | 7 | 8 |
| Secretary of State | 277 | 275 | 266 | 262 |
| State Auditor | 128 | 127 | 132 | 142 |
| State Treasurer | 51 | 51 | 51 | 50 |
| Attorney General | 451 | 443 | 427 | 423 |
| Office of Administration | 2,046 | 1,783 | 868 | 899 |
| Revenue | 1,523 | 1,586 | 1,766 | 2,086 |
| Total General Government | 9,519 | 9,372 | 8,687 | 8,636 |
| **Education** | | | | |
| Elementary and Secondary Education | 2,650 | 2,654 | 2,719 | 2,261 |
| Higher Education | 67 | 58 | 67 | 73 |
| Total Education | 2,717 | 2,712 | 2,786 | 2,334 |
| **Natural and Economic Resources** | | | | |
| Agriculture | 479 | 467 | 456 | 388 |
| Insurance, Financial Institutions and Professional Registration | 748 | 192 | 200 | 207 |
| Conservation | 2,065 | 2,190 | 2,270 | 2,047 |
| Economic Development | 1,024 | 1,604 | 1,681 | 1,379 |
| Labor and Industrial Relations | 810 | 913 | 1,056 | 1,051 |
| Natural Resources | 2,102 | 2,061 | 2,175 | 2,019 |
| Total Natural and Economic Resources | 7,228 | 7,427 | 7,838 | 7,091 |
| **Transportation and Law Enforcement** | | | | |
| Transportation | 6,961 | 7,196 | 7,300 | 7,024 |
| Public Safety | 5,294 | 5,085 | 5,101 | 4,927 |
| Total Transportation and Law Enforcement | 12,255 | 12,281 | 12,401 | 11,951 |
| **Human Services** | | | | |
| Health and Senior Services | 1,885 | 1,877 | 1,969 | 2,048 |
| Mental Health | 9,500 | 9,602 | 9,784 | 9,571 |
| Social Services | 8,624 | 8,553 | 8,794 | 9,034 |
| Corrections | 11,020 | 11,138 | 11,235 | 11,493 |
| Total Human Services | 31,029 | 31,170 | 31,782 | 32,146 |
| State Total | 62,748 | 62,962 | 63,494 | 62,158 |

Source: Office of Administration, Division of Accounting, Statewide Indirect Cost Allocation Plan.
* Based on a four quarter average.

## STATE OF MISSOURI
## OPERATING INDICATORS BY FUNCTION
## FISCAL YEARS 2006-2008

| | 2008 | 2007 | 2006 |
|---|---|---|---|
| **General Government** | | | |
| Individual Income Tax Returns Processed (in thousands) | 3,013 | 3,902 | 2,770 |
| Sales and Use Tax Returns Processed (in thousands) | 788 | 1,055 | 742 |
| Driver Licenses Processed (in thousands) | 964 | 1,052 | 1,106 |
| Motor Vehicle Registrations Processed (in thousands) | 3,866 | 3,856 | 2,994 |
| Audit Reports Issued | 91 | 88 | 103 |
| Statewide Court Filings (in thousands)* | 2,196 | 2,027 | 2,152 |
| Business Services Requests Made on Secretary of State Web Page (in thousands) | 44,300 | 36,000 | 35,000 |
| Checks Issued (in thousands) | 2,807 | 3,035 | 3,309 |
| Unclaimed Property Returned (in thousands) | $ 34,531 | $ 22,966 | $ 21,816 |
| **Education** | | | |
| High School Drop Out Rate* | 4.2% | 4.7% | 3.8% |
| Elementary and Secondary Schools Meeting Adequate Yearly Progress* | 40.1% | 62.6% | 65.2% |
| Clients Achieving Employment after Receiving Vocational Rehabilitation Services | 67.7% | 70.2% | 67.6% |
| Guaranteed Student Loans (in thousands) | $ 901,385 | $ 1,178,692 | $ 1,162,519 |
| Scholarships/Grants Awarded to Eligible Missouri Residents (in thousands) | $ 89,728 | $ 41,466 | $ 41,845 |
| **Natural and Economic Resources** | | | |
| Job Placement Rate of unemployed individuals that registered on Great Hires Web Page | 66.0% | 62.0% | 63.3% |
| Insurance Policies Filed Electronically | 50.0% | 50.0% | 50.0% |
| Initial Unemployment Claims (in thousands) | 396 | 411 | 393 |
| International Agricultural Exports (in thousands) | $ 30,300 | $ 19,760 | $ 18,191 |
| Hunting License Holders (in thousands)* | 580 | 579 | 570 |
| Visitors to Missouri State Parks and Historic Sites (in thousands) | 15,576 | 16,069 | 16,650 |
| **Transportation and Law Enforcement** | | | |
| Methamphetamines Labs Seized | 274 | 259 | 375 |
| State - licensed Fire Safety Inspections | 11,998 | 11,684 | 9,848 |
| Buildings Served by Missouri Capitol Police | 82 | 82 | 79 |
| Alcohol Arrests | 736 | 954 | 1,084 |
| Missouri Major Roads Rated in Good Condition | 78.0% | 74.0% | 60.8% |
| Difference Between Awarded and Actual Transportation Construction Costs | 0.9% | 0.9% | 3.1% |
| **Human Services** | | | |
| Medicaid Enrollees | 833,112 | 822,685 | 830,262 |
| Food Stamp Recipients | 899,332 | 826,313 | 795,963 |
| Doses of Vaccine Issued by Vaccines for Children Providers (in thousands) | 1,360 | 1,097 | 1,075 |
| Incarcerated Offenders | 30,803 | 29,975 | 30,185 |
| Individuals Served in State Comprehensive Psychiatric Service Facilities | 6,882 | 7,805 | 7,772 |

*Previous fiscal year data was used since it was the most recent available.

Sources: State agencies.

STATE OF MISSOURI
CAPITAL ASSET COUNTS AND SQUARE FOOTAGE
OF BUILDINGS OCCUPIED BY FUNCTION
FISCAL YEARS 2005-2008

| | 2008 | 2007* | 2006* | 2005* |
|---|---|---|---|---|
| **General Government** | | | | |
| Parcels of Land | 21 | 20 | 18 | 15 |
| Land Improvements | 37 | 35 | 35 | 31 |
| Square Footage of Buildings | 1,001,281 | 996,590 | 991,800 | 1,071,699 |
| Equipment | 35,171 | 42,333 | 44,469 | 49,644 |
| **Education** | | | | |
| Parcels of Land | 31 | 32 | 32 | 32 |
| Land Improvements | 31 | 31 | 31 | 29 |
| Square Footage of Buildings | 135,230 | 135,230 | 102,719 | 134,162 |
| Equipment | 6,010 | 6,679 | 6,780 | 6,723 |
| **Natural and Economic Resources** | | | | |
| Parcels of Land | 815 | 811 | 815 | 812 |
| Land Improvements | 323 | 318 | 320 | 216 |
| Square Footage of Buildings | 625,779 | 622,887 | 528,136 | 370,505 |
| Equipment | 41,145 | 43,534 | 46,574 | 46,915 |
| State Parks and Historic Sites | 84 | 84 | 84 | 84 |
| State Conservation Areas | 1,165 | 1,151 | 1,148 | 1,140 |
| **Transportation and Law Enforcement** | | | | |
| Parcels of Land | 836 | 853 | 862 | 1,608 |
| Land Improvements | 198 | 184 | 177 | 183 |
| Square Footage of Buildings | 154,995 | 158,081 | 157,658 | 157,172 |
| Equipment | 65,074 | 63,327 | 62,984 | 61,965 |
| Miles of State Highway | 33,685 | 32,800 | 32,423 | 32,402 |
| State-Owned Bridges and Culverts | 10,276 | 10,240 | 10,224 | 10,190 |
| Highway Patrol Stations | 9 | 9 | 9 | 9 |
| **Human Services** | | | | |
| Parcels of Land | 84 | 84 | 83 | 85 |
| Land Improvements | 118 | 115 | 115 | 112 |
| Square Footage of Buildings | 962,710 | 967,653 | 870,129 | 834,352 |
| Equipment | 91,178 | 98,649 | 107,434 | 106,334 |
| Correctional Facilities | 28 | 26 | 26 | 24 |

* Restated Square Footage of Buildings for 2007, 2006, and 2005.

Source: State of Missouri capital asset records by agency.

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